The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Commissioner McNutt's Trip And Question of U. S. Policy

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SATURDAY, JANUARY 29, 1938 VOLUME 83, NUMBER 9

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ISN'T IT ABOUT TIME TO TRY TO END THE WAR?

PRESIDENT Roosevelt's appeal to American citizens to contribute U. S. $1,000,000 to a Red Cross fund for the relief of suffering Chinese civilians, impoverished by the war, constituted an unmistakable gesture indicating American sympathies in the present struggle. In the course of a letter to Admiral C. T. Grayson, chairman of the Red Cross, President Roosevelt said, "There is a widespread desire on the part of citizens in every part of this country to contribute to a fund which would aid in meeting the extreme distress of millions of Chinese civilians."

According to the *United Press* report (Tuesday, Jan. 25) all Americans were urged to donate promptly and generously to the extent of at least U. S. $1,000,000 for Chinese who have been deprived of their livelihood as a result of the Sino-Japanese hostilities.

In addition to the President's appeal, Senator George W. Norris, Independent Republican of Nebraska, announced his support of the widespread movement in the United States for a boycott of Japanese goods as a means of bringing a quick end to the Sino-Japanese conflict. A general boycott of Japanese goods would, in the Senator's opinion, "assist in defeating Japan for her cruel, inhuman, merciless and indefensible attacks on peaceful people . . . China, a peace loving nation, was attacked by Japan without even the pretense of reason . . . Japan has slaughtered hundreds of thousands of innocent women and children by conducting warfare in a way which would disgrace the worst barbarians the world has ever known . . . It is a well known fact that Japan is practically bankrupt and cannot continue the war unless some way can be found to secure a great amount of money. This she necessarily must get from her exports."

These moves, plus even more unmistakable evidence of growing American impatience, such as the attempt to bomb a Japanese ship in Seattle

harbor and other violent anti-Japanese manifestations on the West Coast, suggest the urgent necessity of some definite move somewhere to put an end to the Sino-Japanese struggle.

⁂

A further and powerful reason for making some definite move to end the war is the attempt now being made by Japanese warlords in North China and at Shanghai to destroy the Chinese Customs Administration. Complete information is not yet available about Japan's tariff program in North China but preliminary reports indicate that the Japanese military authorities, assisted by a few industralists have practically re-written China's tariff for their own benefit. For example, artificial silk, upon which China charged 31 gold units a ton, is to come in entirely free, along with an extensive list of other articles of Japanese production such as mining and smelting machinery, electric lamp bulbs (25 percent reduction from present rates), sugar, cotton goods, sea-foods of Japanese production, etc., etc.

It is also understood that the new Japanese-made tariff provides for great reductions or even entire elimination of export duties on Chinese products which are in demand by Japanese industries such as raw cotton and wool, certain classes of hides and skins and other products.

What has happened at Tsingtao since the Japanese occupation is not known, but a report in *The China Press* on Wednesday of this week indicated that a Japanese smuggling industry is developing at Shanghai similar to the situation in North China last year. As the Japanese used the East Hopei "autonomous" zone in the North, so they are now beginning to use the Hongkew and Yangtszepoo districts over which they exercise military control, as a base for the smuggling of merchandise into Chinese territory. Aside from her desperate need for money, Japan's objective in these moves is to destroy China's tariff as a means of ham-stringing the country's economy and also for the purpose of driving competitive Occidental interests from this field. While there may have been justification for complaint at some of China's tariff duties, this does not warrant unilateral action by Japan to revise the tariff in the selfish interest of certain of her industrialists who enjoy military favor. It should provide ground for early and emphatic protest on the part of foreign governments. But since Japan's action with respect to the tariff is on a par with her even more sinister attempt to destroy organized government and break up the country into small units each controlled by a Japanese garrison, it is about time for the Powers, but primarily the United States (in association with other Powers if possible) to make an early and definite move to put a stop to the war.

GUARDIAN CORROBORATES ILLEGALITY OF JAPANESE CENSORSHIP

THE *Manchester Guardian*, well known British Liberal organ, according to a brief *Reuter* dispatch from London, published in Shanghai on Jan. 23, has also called attention to the illegality of Japan's action in stationing censors in the Anglo-American-Danish cable offices located in the International Settlement. The *Guardian's* comment was inspired by the action of the Japanese censor in holding up messages filed at the local foreign cable office by H. J. Timperley, correspondent, which dealt with atrocities perpetrated by Japanese soldiers in Nanking and other cities in the course of their "holy war in China." The *Guardian* supported Mr. Timperley in his refusal to visit the local Japanese military headquarters (or office of the Japanese Military Attache) to discuss one of his messages which the Japanese censor had suppressed. The paper also expressed the hope that the Powers would not surrender their rights on the point of censorship.

The element of illegality of Japan's action in stationing censors in the Shanghai Cable Offices was first pointed out in the course of editorial comment in *The Review*, following the publication of a statement in the *North China Daily News* which approved the Japanese action on the ground that the foreigners had consented to the censorship previously established by the Chinese authorities. That the statement in the *N. C. D. N.* was fallacious was generally recognized because the Chinese authorities who controlled the censorship previously represented the recognized government of the country, whereas the Japanese although in military control have been careful to disavow any intention of permanent territorial occupation. They have also repeatedly announced their desire not to interfere with third party interests. As stated in our previous discussion, the statement in the leading British newspaper, condoning the Japanese censorship of news messages, created serious apprehension in the foreign commercial community because of the fear that the Japanese would follow up their censorship of news messages by extending their censorship (or espionage) to include commercial messages.

Following the suppression of his first message describing Japanese atrocities, Mr. Timperley referred the matter to the British Consular authorities who have made it a subject of official protest to the Japanese Government. Mr. Timperley then filed another message at the Cable Office, also referring to atrocities by Japanese soldiers, which included in its text a portion of an editorial on the subject which had appeared in the *North China Daily News*. This message was also suppressed by the Japanese on the ground that the statement in the British paper "was grossly exaggerated, malicious, unsubstantiated and tending to

besmirch the good name of the Japanese troops." The Japanese military spokesman also expressed doubt as to the accuracy of the facts contained in the article, but complete corroboration was quickly forthcoming in a dispatch from Washington (Jan. 22) stating that the American Ambassador at Tokyo, Joseph Grew, had lodged another strong protest with the Japanese Government over the looting of fifteen houses by Japanese soldiers, following the military occupation of the former Chinese Capital. The State Department's protest was based on information supplied by John M. Allison, former American Consul at Tsinan, who is now in charge of the U. S. Embassy at Nanking. Officials of the State Department said that reports of Japanese looting of American property (also desecration of American flags) in Nanking had raised considerable doubt as to the extent to which the Japanese Government controlled Japanese soldiers in the field. Mr. Allison's report, according to the message from Washington, confirmed reports of Japanese attacks on Chinese women in Nanking, ten of whom had been carried off by Japanese soldiers from American property where they had fled for safety.

⁂

But while the *N. C. D. N.* had published in its editorial columns a summary of the reports, previously circulated secretly in Shanghai, of Japanese atrocities, including wholesale massacres of civilians and raping of women, there has been serious criticism of the alleged change in policy which that paper, popularly known as the "official organ", adopted following the departure on home leave of its editor, Edwin Haward. Allegations have been made that while the paper has condemned the Japanese for their violation of British rights and interests, it has allegedly condoned Japanese actions with respect to the Chinese. Attention has been called to news reports as well as editorials, one such report published on Jan. 22 quoted a "businessman who had recently returned from the north," as declaring that he could "envisage a period of industrial and general prosperity for North China under Japanese control." That businessmen have a right to express their views on the subject of conditions in occupied areas is obvious, but most persons who read the interview questioned the propriety of publishing it without giving the name of the businessman. Perhaps the person interviewed is receiving large orders from the Japanese army—which element might warp his judgment on such a controversial issue as the Japanese occupation of North China. We mention this element because another foreign businessman in Shanghai recently brought back a glowing account of conditions in Manchukuo—under Japanese domination—but his report was received with considerable reserve when it became known that the company with which the man was connected was under heavy obligations to the Japanese.

ONE GOVERNOR EXECUTED, ANOTHER DIES, GENERAL ARMY SHAKE-UP

REITERATION of China's determination to defend her territorial and administrative integrity, the execution of Gen. Han Fu-chu and drastic punishment of other army commanders, the death of Gen. Liu Hsiang of Szechuen and appointment of Gen. Chang Chun as his successor, and the assassination of another well known civilian at Shanghai were outstanding events in a week of dramatic developments.

Prompted by recent Japanese peace offers found unacceptable, the National Government (Jan. 22) issued a manifesto declaring the aim of armed resistance against Japan was to preserve China's national existence and uphold sanctity of international treaties. China had never wavered in her desire for peace but she could not permit any country to infringe upon her territorial integrity and administrative rights.

Denying rumors that secret peace terms were being negotiated at Hongkong following the arrival there of Madame Chiang Kai-shek, a spokesman of the National Government declared "China desires peace, but there can be no question of negotiation, either directly with Japan or through other Poweas, which would entail a surrender of China's sovereign rights." He stated that Gen. Chiang and the Supreme War Council at Hankow had decided upon an intensification of resistence to Japanese aggression.

Gen. Han Fu-chu

Execution of Gen. Han Fu-chu, deposed Chairman of Shantung and Commander of the 3rd Route Army, at Hankow on Jan. 24, was an event of outstanding political significance. It indicated the Government's determination to enforce discipline and army reform. Gen. Han was court-martialled by high military tribunal presided over by War Minister Ho Ying-chin and was convicted on five charges, the most serious being disobedience of military orders, abandonment of the provincial capital, Tsinan, and other important military areas. Gen. Han started his career as a common soldier and was one of the last of the once powerful warlords of China. Gen. Han's ambiguous attitude had greatly handicapped the Government's efforts in defending North China after the beginning of the war and again in the work of developing defences along the Yellow River and Lung-Hai Railway. While Han ruled Shantung in a dictatorial manner, he probably did more to develop the province, particularly in road building, than any governor since the Revolution. Admiral Shen Hung-lieh, former Mayor of Tsingtao, has been appointed Chairman of Shantung and has assumed office.

In addition to Han Fu-chu there were nine other executions and thirty dismissals for failure to carry out orders. The nine who paid the supreme penalty included an army corps commander, a brigadier, a judge of a court martial, two regimental commanders, three battalion commanders and a chief telegraph operator, while those dismissed included an army corps commander, thirteen division commanders, ten regimental commanders, one battalion commander, and a divisional chief-of-staff. In addition, General Hsaing Han-ping, Deputy Commander-in-Chief of the Kwangtung forces, was given one demerit.

A complete list of those executed and dismissed has not been published here but it is understood that the dismissed include Gen. Sung Hsi-lien, Commander of 36th Division, Gen. Lo Lin, Commander of 71st Division (both participated in the defence of Shanghai, the latter being held responsible for the loss of the strategic village of Tazang); Gen. Liu Ho-ting, Army Commander; Gen. Chen Wan-cheng, Division Commander; Gen. Tai Shu-hua, Division Commander; Gen. Feng Yu-jen, Division Commander. Among those commanded for bravery were: Col. Hsia Ching-yuan, Commander of the "Lone Battalion" of Chapei; the late Gen. Tung Lin-ko, Chao Teng-yu, Ho Meng-lin, Liu Cheng-lei and Yao Chih-cheng,

Two civil officials, also dismissed and ordered punished for leaving their posts without orders, were Ho Mou-ching, Magistrate of Yuhang, and Li Kung-chien, Magistrate of Anchi, Chekiang province.

Another dramatic develpment was the sudden death of Liu Hsiang, Chairman of Szechuen, on Jan. 22 at a Hankow hospital following a prolonged illness, Gen. Liu was another powerful regional warlord who had been guiding spirit, politically and militarily, of Szechuen for the past 15 years. Gen. Liu had directed operations in defence of Nanking prior to the fall of that city. Gen. Liu's death at this time tended to strengthen Gen. Chiang Kai-shek's position in western China, as evidenced in his immediate appointment of Gen. Chang Chun, as Gen. Liu's successor. Gen. Chang Chun was Vice-President of the Executive Yuan and close associate of Gen. Chiang. He is a native of Szechuan, and is said to stand well among the people of his province.

According to a *United Press* message an important military conference was held in Hankow, participated in by Gen. Peng Teh-huai, deputy commander of the 8th Route Army (ex-reds) and other army leaders. The conference considered formation of an entirely new army to operate in Anhwei and Chekiang and another to combat Japanese aggression in Shansi.

It was also reported from Hankow that amnesty had been proclaimned by the Government permitting prisoners to volunteer service in the army. According to the order all prisoners, except those sentenced on narcotic or treason charges were eligible for parole and enlistment. Those who had military training will be permitted to fight at the front, while those without previous training will be assigned duties behind the fighting lines.

It was reported that 1,000,000 people in Shensi are now receiving military training through Citizens' Self-Defence Corps which have been formed in various districts in that province. A report from Nanchang stated that over 1,000 wounded soldiers of the 98th division who had recovered had resumed active service at the front. According to the *Hwa Mei Wen Pao*, all Chinese Red bands along the Kiangsi-Fukien border had been reorganized and were carrying on guerilla warfare against the Japanese.

It was also revealed that Gen. Chang Hsueh-liang, the "Young Marshal," was now in Kwangsi. Both Chinese and Soviet circles at Hankow denied that Gen. Chang had visited in Moscow or conferred with Stalin. The reports had been circulated from Tokyo and Berlin.

Another Chinese civilian, Yang Fu-yuen, allegedly also a leading member of the ill-fated "Shanghai Citizens' Federation," and a friend of the late Loh Pa-hong, was assassinated. Recently Mr. Yang had been known as "unofficial mayor of Tsaohochin," a a district of western Shanghai.

H. C. H.

International T. and T. Claims Losses "Not Serious" in Shanghai

The Internationl Telephone and Telegraph Corporation, in its annual financial report, just received in Shanghai, stated that the Company's losses here "have not been extensive due to the location of the properties within the International Settlement and French Concession." The Company is the owner and operator of the Shanghai Telephone Company, the value of which is carried in the report at U. S. $2,000,000, with an additional investment of U. S. $500,000 in a sales subsidiary. No information was given about specific losses in instruments and revenue in the Hongkew area where the company's business was seriously damaged by fires and looting.

With reference to the Company's losses in Spain, which are known to be extensive the report stated that "no income or losses of Spanish subsidiaries have been included in the consolidated income accounts."

Omitting Spanish income and losses, the Company's report showed net income of U. S. $7,044,070.

Chinese Railways Suffer Heavily as Result of Military Operations

Chinese Ministry of Railways figures show that up to the end of October, 130 of the employees were killed and 163 others were wounded during Japanese air raids along the Nanking-Shanghai, Shanghai-Hangchow-Ningpo, Soochow-Kashing, Canton-Hankow, Chengting-Taiyuan, Peiping-Hankow, Lunghai and Tientsin-Pukow Railways.

The casualty list has been rapidly lengthened since November as the Nanking-Shanghai, Shanghai-Hangchow-Ningpo, Soochow-Kashing and Chengting-Taiyuan Railways have fallen into Japanese hands and as the enemy aerial bombardment has increased in intensity and frequency.

Up to the end of October, according to official statistics a total of 199 railway structures, 29 bridges, 810 pieces of rails and 1219 sleepers were demolished. These losses were confined to the Nanking-Shanghai, Shanghai-Hangchow-Ningpo, Soochow-Kashing, Canton-Hankow, Lunghai and Tientsin-Pukow railways. Damage to freight and passenger coaches and locomotives on these lines reached huge proportions. Yet the wholesale destruction wrought by the Japanese invaders on China's railways since November has been a hundred times more devastating.

In maintaining China's railways, the railway employees in this country, armed with nothing but their spirit of heroism and loyalty, are defending the interests of many foreign powers. Foreign capital invested in China's railways in loans or material totaled $1,900,000,000 up to the end of 1936, according to information from the Ministry of Railways.

$30,000,000 in Silver Leave Hongkong for London

Safety-stowed away in the strong rooms of the s.s. *Corfu*, $30,000,000 worth of silver was shipped from Hongkong Jan. 22 on its way to the vaults of the Bank of England.

The shipment, informed Chinese quarters revealed, brought the total value of silver sent abroad in the past three months to $320,000,000. Ninety per cent of the metal, a *Domei* message said, was dispatched by the Chinese Nationalist Government and a part of the silver was to be used for the purchase of arms and munitions.

Branch of Currency Reserve Board Established in Kwangsi

A Branch of the Currency Reserve Board was formally inaugurated in Wuchow Jan. 21. The Ministry of Finance has appointed Hsi Yen, Manager of the Wuchow Branch of the Central Bank of China, as concurrently Chairman of the Wuchow Branch of the Reserve Board. The other members of the Branch Board are Messrs. Huang Tsung-yo, Kuo Tso-chih, and Wen Wan-ching.

Peiping Joint Bank to Issue Banknotes

According to Lieut.-Gen. Kita, Director of the Special Affairs Department in Peiping, the Peiping Joint Bank will issue banknotes on February 5.

Minting of More Subsidiary Coins Ordered by Ministry of Finance

In order to meet public demand, the Ministry of Finance has ordered the Wu-Han Mint to increase the minting of subsidiary coins. At present, the Wu-Han Mint turns out 300,000 subsidiary coins daily. This amount will be increased henceforth.

Sound Position of Banks in Shanghai—Special Loan Committee Suspends Direct Aid

In view of the present sound position of the Chinese banks in Shanghai, the joint Discount and Loan Extension Committee has temporarily suspended the extension of direct loans to the banks a report to the Ministry of Finance at Hankow, Jan. 22, stated.

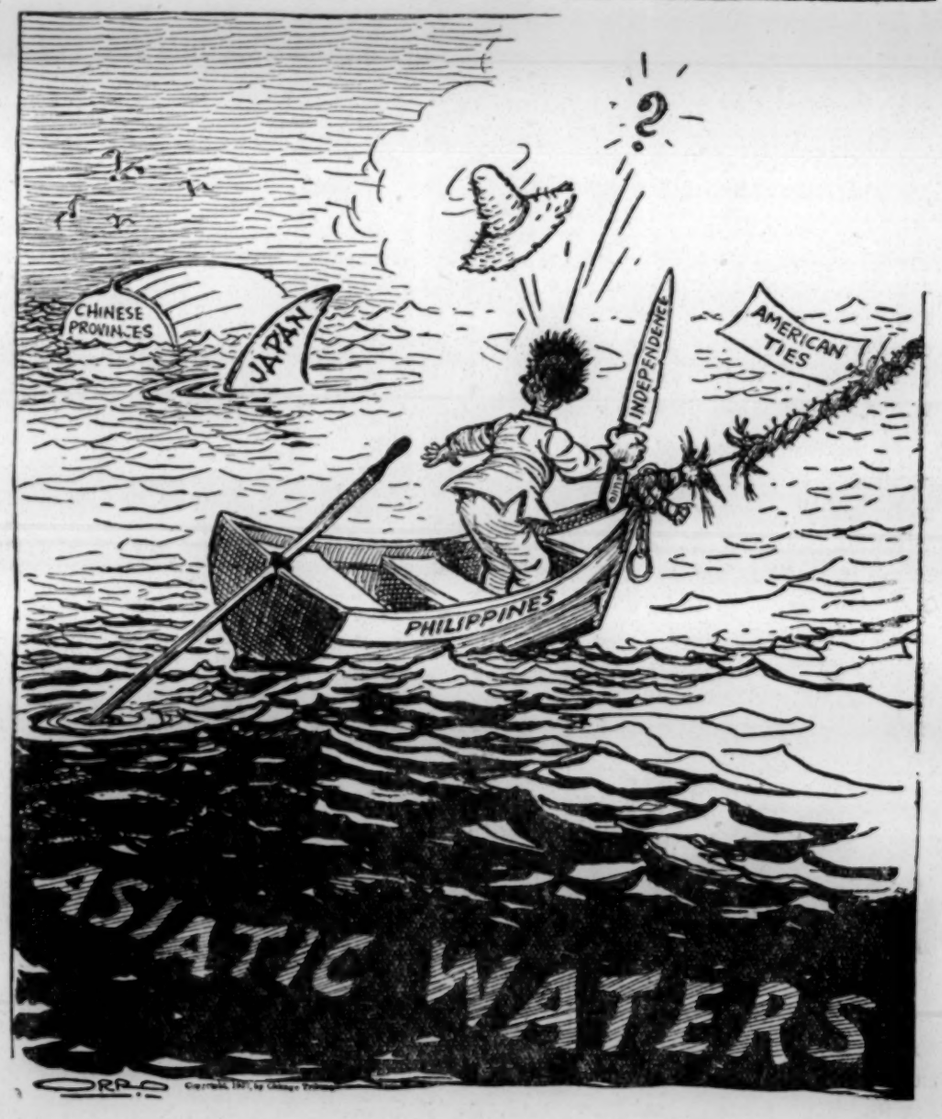
Commissioner McNutt's Trip Aroused Interest in U.S. Naval, Maritime and Diplomatic Policies

ASIDE from latest developments in the Sino-Japanese crisis, no recent event in this part of the world has attracted so much attention as the visit to Shanghai of Paul V. McNutt, U. S. High Commissioner to the Philippiness. Governors-General at Manila have always included Shanghai in their itineraries when traveling back and forth between United States and Manila, but Commissioner McNutt's trip aroused interest and curiosity everywhere. There were several reasons for this, one being his method of traveling as the sole passenger aboard the U.S.S. Augusta, 10,000 ton flagship of the U. S. Asiatic fleet.

The return voyage of the Augusta will probably stand as a record achievement since the ship broke all speed records between Shanghai and Manila, having made the voyage in 39½ hours, which was 7½ hours, faster than the previous record held by the U.S.S. Houston. Speed records by U. S. warcraft between Shanghai and Manila are always matters of interest in the Far East.

It was announced that the purpose of Commissioner McNutt's visit here was to confer with Admiral Harry Ervin Yarnell, Commander-in-Chief of the U.S. Asiatic fleet, who is stationed at Shanghai. Ordinarily Admiral Yarnell would be at Manila or on a cruise in the South Seas at this time, but the critical situation has made it necessary for him to remain at Shanghai where he maintains his headquarters aboard the U.S.S. Isabel. The magazine *Newsweek* for December, 27 paid high tribute to Admiral Yarnell by calling him the U. S. Navy's foremost sailor-diplomat. The paper said "Yarnell policy" had become the basis of present U. S. policy in the Far East. It was first embodied in an order to junior officers that the Navy must protect American nationals wherever needed for the duration of the Sino-Japanese hostilities. Admiral Yarnell was born in the state of Iowa in 1875 and was fourth ranking midshipman in his class at Annapolis in 1897 where be specialized in mathematics. He has always been noted for the terseness of his reports and his quickness in making decisions; also for his determination in carrying out decisions when reached. He first went to sea as a midshipman with Admiral "Fighting Bob" Evans and served aboard the Oregon in the Spanish War. He was on Admiral Sim's staff in the World War. While stationed at the naval airbase at Hampton Roads, Virginia, he astonished everybody by learning to fly at the age of fifty.

"UH-OH!"



Orr in the Chicago Tribune

While the American High Commissioner to the Philippiness held numerous conferences with members of the American community here, chief interest was centered in his conversations with Admiral Yarnell which were confidential. According to speculation in Washington, it was thought that the conversations may have been concerned with the question of the U. S. Navy's much discussed base in the Philippines following the coming into effect of independence. There is a provision in the Independence Law which requires that the question of a permanent naval base in the Philippines must be settled at the time of the coming into effect of independence. What the final decision on this point will be, no one can say, but it was more or less obvious that Commissioner McNutt would desire information on this question prior to his return to Washington for a conference with Administration and Congressional leaders.

In his conversations with members of the American community, Commissioner McNutt evinced deep interest in developments here and throughout the Far East. Although these conversations were also "off the record" most Americans here were gratified at the Commissioner's knowledge of conditions in the Far East, particularly effecting the broader phases of American policy—regarded from the standpoint of trade, merchant marine and naval development.

There is now a general feeling that so-called isolationist sentiment in the U. S. is gradually giving way to a more intelligent appreciation of fundamental problems in this part of the world, which inevitably must affect the peace and will-being of the American nation. While many Americans, basing their opinions on what happened in the World War felt it would be better for the United States to stay out of the Far Eastern crisis entirely, wiser counsel apparently has prevailed to such an extent that the U. S. government is now fully awake to the dangers involved and is taking steps to protect itself and the interests of its citizens. For example, a recent statement of William Bullitt, American Ambassador to France, that a general war in Europe would lead only to an Asiatic despotism ruling the fields of the dead, was of special significance. Ambassador Bullitt's statement was inspired by growing unrest in Europe, which many feel may result in the outbreak of a general war. Bullitt said at least nine-tenth of the people of the world desire peace and that the other tenth realize that after a war between anything like equal opponents there can be no victor but death. It was believed that Mr. Bullitt had in mind recent articles and books by Japanese and Italian authors describing experiences in bombing operations in China and Ethiopia as glorious adventures.

It is not known whether the question of considerably increasing the strength of the U. S.

ARE THE JAPANESE—

"WE ARE BECOMING THE WORLD'S MOST HATED NATION! YOU MUST GO TO AMERICA AND PRESENT THE JAPANESE SIDE! WE MUST CULTIVATE AMERICAN FRIENDSHIP!"
JAPANESE PROPAGANDA DIRECTOR
PRO-JAP SPEECHES

—trying to cultivate American friendship—

U.S. GUNBOAT SUNK BY JAPANESE BOMBERS
ALSO SINK THREE STANDARD OIL SHIPS
ALSO DAMAGE BRITISH GUNBOAT "LADYBIRD"
COPYRIGHT 1937 BY CHICAGO TRIBUNE
McCUTCHEON

—the same way they are cultivating Chinese friendship?

McCutcheon in the Chicago Tribune

Asiatic fleet was discussed by Commissioner McNutt while here but reports have been in circulation for some time that such is possible, particularly in view of President Roosevelt's action in dispatching two cruisers to participate in the inauguration of the British naval base at Singapore.

The U. S. Asiatic fleet at present time consists of the 10,000 ton cruiser Augusta, largest American war craft in the Far East which serves as headquarters for the Admiral. As commanding officer of the fleet he directs its various movements from this center. Ordinarily there are thirteen destroyers with their tender, the Black Hawk in the Far East and in addition, there is a submarine unit consisting of six ships and the submarine tender, Canopus. The tender serves as a mother-ship answering the purpose of repair station and aid center for the smaller craft. Beside the main unit of destroyers and submarines there are numerous auxiliary vessels, mine-layers, aviation tenders and transports such as the Chaumont. The majority of the fleet spends the winter in and about the Philippines, mainly at Manila. The trip south from the China coast is usually made in October or November. The Augusta usually starts south at the same time, but ordinarily is the last to arrive in Manila as it is the Augusta's duty to carry the flag into a long list of ports which are visited less frequently by other craft. The Augusta's cruising actually extends from the Soviet Far Eastern port of Vladivostok to Singapore and Bali, the last mentioned being located in the Netherlands Indies. Her cruising also includes the ports in French Indo-China and usually in the spring she visits many Japanese ports while the officers make official calls at Tokyo. The visit to Vladisvostok last autumn was the first which any American or other foreign war craft had made at that interesting Soviet Far Eastern base since the evacuation of the American and Japanese forces from the Soviet Far East following the world war.

In addition to his interest in the Asiatic fleet and American naval development in the Pacific, Commissioner McNutt's return trip to Washington may also have a bearing on the government's policy in this part of the world with respect to the development of the U. S. Merchant Marine. Joseph B. Kennedy, retiring chairman of the Federal Maritime Commission and Ambassador designate to Great Britain, recently spent considerable time on the Pacific coast investigating problems concerning the merchant marine. The result of his investigation is not known here, but upon his return to Washington Mr. Kennedy said the government intended to partially subsidize the construction of fifty-three or fifty-four new ships valued at U. S. $110,000,000 during the next five years. He said the new ships would include facilities for quick diversion to national defense purposes as well as speed. His report also included recommendations for legislation designed to correct adverse labor conditions in the maritime industry which has been signalized by controversies making the operation if American ships on the Pacific practically impossible.

SO SORRY!

Sam Groff in the Seattle Times

China Press Photo

The Honorable Paul V. McNutt, United States High Commissioner to the Philippine Islands, who arrived on January 20 from Manila aboard U. S. S. Augusta, flagship of the U. S. Asiatic Fleet, to confer with Admiral Harry E. Yarnell prior to his returning to Washington to report to President Roosevelt.

Gun Fire Over the Far East

BY ERNEST J. SWIFT

Vice Chairman in Charge of Insular and Foreign Operations

("*Red Cross Courier*," *Dec. 1938*)

One who has not heard the whine of a large shell flying through the air, or watched the bombs leave their racks and spiral earthward, glittering in the sun, can never know the real terror that has gripped Shanghai and the neighboring country for more than four months. The streams of refugees pouring into the International Settlement or the French Concession in Shanghai, and the trainloads and truckloads of wounded men and boys that have been hauled away from hostilities and placed in crowded hospitals and empty "godowns" (large warehouses) have seemed endless. Day and night, terror-stricken thousands have besieged the Settlement gates, begging refuge.

China's medical facilities, at best, are woefully inadequate. Even before hostilities began, authorities estimated that thirty hospitals were needed where one existed: that 40 doctors and 160 nurses should cover territory then handled, theoretically, by a lone physician and one nurse. And these estimates, bear in mind, are for peaceful times—not for periods of national emergency.

The American Red Cross, at the commencement of hostilities, recognized that a great need would exist in China both among our own nationals living there and among the soldiers of the fighting nations. Accordingly, through the International Red Cross Committee, offers of help were sent to both the Japanese and Chinese Red Cross Societies. The Japanese declined assistance with their thanks. The Chinese, on the other hand, requested all the aid possible, inasmuch as they were unprepared to care for the overwhelming needs facing them.

Confronted with danger to lives and property, thousands of Westerners at the outbreak found themselves without funds for expenses incident to evacutaion of treatened zones. Through the Department of State and the Ambassador to China in Nanking, the American Red Cross immediately allotted $10,000 for the repatriation and evacuation of American citizens without funds. A few days later $20,000 more was made available for the evacuation and care of those Americans who were sent to Manila. Some hundreds of refugees have been cared for by the Red Cross in the Philippines, while many of them have been sent to the United States to wait until hostilities are over.

The Philippine Red Cross (American Red Cross) has done a magnificent job in caring for these people rushed so hurriedly from their homes. They were met at the Manila docks, and quarters were arranged for all. Through Chapters on the mainland, messages were transmitted to anxious relative in America.

In all, funds amounting to about $165,000 have been made available by the National Organization. Much of this has been spent for surgical instruments, hospital equipment, biologicals, and medical care for refugees in congested sections. Through the courtesy of the Pan American Airways, speedy deliveries of sorely needed medical supplies have been flown direct to Nanking from San Francisco as well as from Manila, while Army and Navy transports have reduced freight deliveries to a very low cost. Actually, the total cost of purchase plus delivery in China has been less than the original purchasing price would have been at the place of need.

Hospitals in Shanghai were swamped. Allotment were made to them for the care of the sick and wounded and to the local health authorities.

Nelson T. Johnson, American Ambassador at Nanking, took charge of a fund of $43,300 to cover the manufacture and purchase of 400,000 first aid kits, 10,000 cotton quilts, 20,000 bed sheets, 10,000 pillows for hospitals and the equipment of 500-bed hospitals set up at Soochow, Tungkuan, Loyang, Sian, Hsuchowfu and Hankow, also to help the Peiping International Women's Club in caring for medical needs of refugees.

All United States Government departments have been most cooperative in connection with our activities in China. The Officers of the Department of State in Washington, the United States Ambassador in Nanking, the consular officers at Shanghai, Peiping, Canton and Hong Kong, as well as the Commander-in-Chief of the Asiatic Fleet, have rendered exceptional service. The Army and Navy transport services have been most helpful. Naval Communications has been a great factor in facilitating the movement of supplies and in the exchange of information between Nanking, Manila and Washington.

A detailed summary follows of the various allotments made to date:

$10,000.00 placed at the disposal of the United States Ambassador at Nanking in the early days of the conflict.

$20,000.00 made available for the evacuation, repatriation and care of our citizens who were sent to Manila, Philippine Islands.

$30,000.00 for the purchase on the Pacific Coast and shipment to China of medical and hospital supplies.

$20,000.00 for the purchase and shipment of medical supplies and biologicals to the Chinese Red Cross.

$ 8,000.00 for the purchase and shipment of medical supplies and biologicals to the Mayor of Canton.

$ 5,000.00 to St. Luke's Hospital in Shanghai to help maintain its services to civilian wounded.

$ 5,000.00 to the Health Department of the Shanghai Municipal Council to assist it in caring for emergency medical needs in and about Shanghai.

$ 5,000.00 to Chinese Medical authorities through the International Red Cross Committee (a committee composed of Chinese and other nationals in Shanghai).

$ 1,700.00 to the American Advisory Committee in Shanghai for the purchase of medical supplies.

$ 3,000.00 to the Margaret Williamson Hospital, Shanghai, which is doing urgent maternity work amongst refugees.

$ 5,000.00 to the International Relief Committee at Shanghai for medical care of refugees at Soochow.

$43.300,00 placed at the disposal of the United States Ambassador at Nanking to cover expenditures in connection with the following projects: Manufacture and purchase of 400,000 first aid packages; 10,000 cotton quilts; 20,000 bed sheets; 10,000 pillows for hospitals; equipment for 500-bed isolation hospitals at Soochow, Tungkuan, Loyang, Sian, Hsuchowfu, Hankow; assistance to Peiping International Women's Club in caring for medical needs of refugees.

Japanese Taking Over Public Utilities at Shanghai

A Japanese-controlled bus company has opened a service between Shanghai and Taitsang and Liuho, according to a report published in the local Japanese *United News* on Tuesday of this week. The report stated that the service would soon be extended to Quinsan and that other lines would shortly be opened between Taitsang and Quinsan, Taitsang and Mocheng, Mocheng and Soochow and Mocheng and Wusih. Prior to the war all of these places were served by Chinese bus lines.

The name of the Japanese company responsible for initiating the bus services was not announced, but a report in the *Osaka Mainichi* on Jan. 11 stated that the South Manchuria Railway, Hsing-Chung Kungssu and the Nisshin Steamship Company had sent agents here to "resuscitate public enterprises in war-stricken Shanghai." The Hsing-Chung Kungssu was thought to have taken over the bus services while the Japanese steamship company announced its intention of starting services on the Lower Yangtsze and also linking up coastal ports with Shanghai, using two ships, Hukiang Maru, 785 tons and Fengshan Maru, 500 tons. The company also plans to open services on the canals to inland points.

The report in the Osaka paper stated that Japanese were planning the purchase of the New Asia Hotel (500 rooms) on North Szechuen Road and would use it as headquarters for their new enterprises at Shanghai. The hotel would also serve as a social meeting place, stated the report.

International Peace Council to Assist China

The International Peace Council will convene a special meeting in London shortly to consider measures for rendering active assistance to China in her struggle for the preservation of her national existence, according to a cable message received in Shanghai last week.

A Branch of the International Peace Council will be established in China shortly. Preparations for the establishment of the Branch are being made under the direction of General Chen Ming-shu, former Chairman of the Kwangtung Provincial Government.

German Comments on Chino-Japanese Relations

The publication of an official German communique in Berlin Jan. 21 concerning mediation action in the Far Eastern conflict induced various German newspapers to comment on the Chino-Japanese situation. The general view in Germany is that the position following the publication of the Japanese manifesto leaves no further scope for German mediation and leads to the rejection of joint mediation action by Germany, Britain, France and the United States.

According to the *Essener National Zeitung*, which is known to be in close touch with General Goering, the Japanese manifesto is tantamount to a declaration of war by Japan to China. Japan has thrown down the gauntlet and is now resolved to fight on to the bitter end. Hence the present position totally excludes the possibility of making any further efforts to find a pacific solution.

Other German newspapers took pains to point out that the goal proclaimed in the Japanese manifesto, namely a military annihilation of the enemy, is still very remote.

U.S. Not Surprised that China Rejected Japanese Terms

After studying the peace terms recently offered China by Japan and announced in Tokyo by Koki Hirota, Japanese Foreign Minister, Government officials in Washington Jan. 22 said that were not surprised China had rejected the peace offer. They regarded the terminology of the peace terms as broad in principle, but apparently susceptible of severe application. For example, it was pointed out, the demanded economic agreement between Japan and China might result in the subjugation of China.

Japanese Say Arms Traffic Through Hongkong Has Attained Huge Proportions

Foreign munitions are flowing into China in vast quantities through Hongkong, a correspondent of the influential Tokyo *Asahi* in the Crown Colony reported in a sensational despatch Jan. 18. Citing Customs returns and other authoritative sources, the correspondent listed Hongkong's imports of war materials between Dec. 25 and Jan. 15 as follows: Sixty-one airplanes, 22 propellers, 4,500 tons of gunpower and explosives, 1,450 tons of barbed wire, 3,500 tons of railway materials, 2,600 tons of rifles and machine-guns. Several hundred airplanes have thus far been assembled in Hongkong for delivery to the Nationalist Government. Of the 18 vessels which brought the war cargo to Hongkong, seven were listed as British, three as Italian, two as German, one as Danish, two as American, and one as Norwegian.

Another Chinese Junk Attacked Near Hongkong

The British steamer *Taihing* arrived in Hongkong Jan. 18 from Canton, towing the remains of a Chinese junk, and reported an apparent revival of sabotage of Chinese junks by Japanese warships near British waters. The Chinese crew of the junk told the rescue ship that their craft had been seized by Japanese, its cargo confiscated, and had then been dismasted and smashed beyond repair. The crew was unharmed, but had been left without food or water.

Japanese Attempt to Land on Hainan Island

Three Japanese warships were sighted off Yulinkiang, in the southern part of Hainan island, Jan. 19. Protected by a naval barrage and several airplanes, a party of 200 Japanese marines attempted to effect a landing on two steam launches and a number of junks. After four hours' fighting, the marines were successfully repulsed by the Chinese coastal defenders.

Japanese Occupy Sisha Islands, Southwest of Hainan

The Sisha islands, in the sea to the southeast of Hainan, have been occupied by the Japanese, according to reports received in Hongkong. They are to be used as a base of operations for the Japanese to attack Hainan. Three Japanese destroyers and an aircraft-carrier are now anchored off these islands.

Japanese Warships Active in Kwangtung

Two Japanese warships were sighted off Hoifung and Lukfung, southern Kwangtung, Jan. 21. A Japanese seaplane took off from one of the ships to conduct a brief reconnaissance over the two cities. Six Japanese warships were also reported off Matsung, in the Hoifung district. Three seaplanes were assigned to scout over the Chinese positions on land. Japanese warships also appeared off Tongkawan, in the Chungshan district.

Service Disrupted on Canton-Hankow Line

Complete disruption of traffic on the strategically-important Canton-Hankow Railway, as the result of Japanese air raids was claimed in a communique issued by the Japanese naval authorities in Shanghai last week.

Britain Building Permanent Air Base in Hongkong

In view of the worsening situation in the Far East, the British Government has decided to build a permanent air base in Hongkong, beginning next year.

Overseas Chinese from Siam Arrive for Military Training

A group of sixteen Chinese youths from Sian have arrived in Wuchow via Hongkong to enroll in the Nanning (Kwangsi) Branch of the Central Military Academy. After completion of their training, they will proceed to the front to participate in the campaign of resistance.

Chinese Renew Counter-Attack on Wuhu

Resuming their counter-attack on Wuhu, on the southern bank of the Yangtsze River in south-eastern Anhwei, Chinese troops simultaneously stormed the Japanese positions on Takushan, Paimashan and Changkiashan (mountains), to the south and south-east of Wuhu, Jan. 22. Despite the difficult terrain the Chinese succeeded in destroying several Japanese machine-gun posts.

Shiufeng and Anchi, in Chekiang, Captured by Chinese Troops

Shiu-feng and Anchi, important cities in northern Chekiang, were recaptured by Chinese troops last week. Japanese troops in Hangchow, since the occupation of the famous city, have never exceeded 20,000 men, the *Hwa Mei Wan Pao* of Jan. 21 stated.

Gen. Chiang Kwang-lai Ordered to Defend Chungshan

Gen. Chiang Kwang-lai, one of the high commanders of the 19th Route Army, of Shanghai fame, has been appointed by the high military authorities to defend Chungshan hsien, in Kwangtung.

Japanese Bombard Town 25 Miles from Hongkong

Considerable shelling occurred Jan. 25 at Namtau, (25 miles north-east of Hongkong) just outside British waters in the Castle Peak district, by a Japanese warship.

Japanese Says There Are 90 Submarines at Vladivostok

Strengthened by the addition of 18 submarines shipped east from Sebastopol on Dec. 12 last the Soviet submarine fleet in Vladivostok Jan. 23 numbers 90 units, the Tokyo press reports. Additional submarines are now under construction in Vladivostok and Khabarovsk, the reports alleged. New sea bases are also being created in the Soviet Far Eastern waters, the Japanese press added. The reports were featured by the press amid information on the fighting strength of the Soviet and American naval forces.

Interesting revelations were made in the *China Mail* at Hongkong Jan. 24 by a foreigner who just concluded a tour of Soviet Far Eastern territory. Japanese reports of Russia's war preparations in the Far East, he says, are not exaggerated, but rather actually fall short of the truth. With new aeroplanes and submarines under construction, he declares, the Soviet maritime provinces are virtually on a war footing. In Vladivostok alone, over 100 submarines have already been commissioned, while additional underwater craft are arriving in sections by rail and are being assembled for immediate service. Meanwhile, whole stretches of coastline are being fortified, while new airplane and submarine bases are being constructed in isolated regions.

Russia Will Not Yield Inch of Soil, Soviet Army Captain Declares

M. Krylenko, the Soviet Commissar of Justice, who has been deprived of his post in the new Cabinet after having been accused of being "a chess player and a gadabout," has been replaced by a comparatively unknown man named M. Richkov. Other Cabinet changes include the removal of M. Chubar as Commissar for Finance, and M. Mikoyan as Commissar for the Food Industry. Both men, however, will retain their posts as Vice-Premiers.

Meanwhile, in greeting the new Soviet Parliament on behalf of the Red Army, Captain Gerasimov declared:

"We do not want foreign soil, but we will not yield one inch of Soviet land to anyone. Upon the orders of Stalin the Army will stand up like one man to deliver the most crushing blow in history to the Fascist aggressors on their own territory."

On behalf of the Red Fleet, Admiral Selisnev said that the Soviet would need to create a "mightier and more perfect navy." He assured the Government that the Navy was ready at any moment "to destroy the enemy in his own waters no matter where."

Attempt Is Made to Blow Up Japanese Ship at Seattle

Customs and Coast Guard in Seattle Jan. 21 agents discovered the bomb which a mysterious Oriental agency allegedly attempted to place aboard the *Hiye Maru* in a plot to blow up Japanese ships engaged in transporting iron and other war materials from the United States to Japan. Federal agents investigating the attempt on the previous day to blow up the Japanese ship found a suitcase filled with dynamite and a time clock floating 220 feet from the *Hiye Maru* which had been moved away from the Great Northern Dock during the investigation. The suitcase was attached to a railway tie, one end of which was equipped with a hook apparently for fastening it to the Japanese ship.

Sixteen Large U.S. Oil Concerns Convicted Conspiring to Raise Prices

A case involving one of the most important Government anti-trust proceedings for many years, being the biggest action directed against the petroleum industry since the Standard Oil Trust was dissolved before the World War, was concluded in Madison, Wisconsin, Jan. 22. Sixteen major oil companies and 30 of their officials were convicted by a Federal jury of charges of having conspired to raise and fix petrol prices in the Middle West in 1935-36 in violation of the Anti-Trust Act. The defendants plan an immediate appeal from the verdict, which renders the corporations and officials, who include presidents, vice-presidents and managers of some of the largest oil companies, liable to a fine of $5,000 or a year in jail or both.

President Roosevelt Makes Plea for Relief for Chinese War Refugees

President Roosevelt Jan. 24 appealed to all American citizens to contribute to a $1,000,000 Red Cross relief fund for suffering Chinese civilians impoverished by the Sino-Japanese war.

Japan Plans to Sever Last Link with the League of Nations

Severing one of the last remaining ties binding Japan with the League of Nations, the Japanese Government will shortly withdraw from the membership of the International Labor Office, in Geneva. Plans for the withdrawal from the organization, affiliated with the League, were disclosed in the Diet Jan. 23 by the Marquis Koichi Kido, Minister of Public Welfare. No delegates will be dispatched by the Government to the next International Labor Conference, scheduled to meet in Geneva in June.

Shanghai, Hankow Industrialists to Move to Ports up Yangtsze

BY HIN WONG

Some 35 factories formerly of Shanghai, making products from sauce to cotton yarn, are inclined to revive their industries somewhere around Chungking, the principal port of Szechuen up the Yangtze, and they have already consulted General Liu Hsiang, chairman of the provincial government who has been in Hankow on sick leave for some time, for advice and assistance. General Liu has wired back to Chengtu, capital of Szechuen, ordering that every facility should be provided to enable some Shanghai manufacturers to renew their activities in this part of China which is now comparatively peaceful.

The Szechuen Cement Works in Chungking, in operation since October 10 last, having a capacity of 900 barrels a day, is now working day and night in order to rush local and outside orders. One of the latest enterprises here is the formation of a corporation to assist the development of farms and homesteads in the Lai, Ma, Ping, and Oar *hsien* and vicinity, where a large area has hardly been touched. Forced by high cost of living and arrivals from other parts of China, the less wealthy residents in Chungking are now desirous of moving out, and Pishan and nearby districts of Pahsien, in which Chungking is located, have become a popular resort for those thinking it wise to have a country home to supplement their business residence in this trade port.

Frequent visits to Hankow by enemy bombing-planes have made that port no longer safe for business and manufacturing and consequently a number of factories have been shipping machinery and other articles up the Yangtze to Szechuen ports, including Chungking, which is a transit point to other towns in Yunnan, Kweichow, Kansu, and Shensi.

Among the factories to move up to Chungking early this year will be the well-known Yu Hua Cotton Mill of Hankow. While cotton produced in Szechuen is not so fine as elsewhere in China, it is said that it could be improved; and in case better quality is desired, same may be had from Shensi, from where there is a public highway to this city.

The National Government of China is not only interested in the production of cotton these days, but also in that of silk; and only recently the Ministry of Industry sent to the Szechuen Silk Company here and others for distribution some 120,000 sheets of improved eggs. It is hoped that from the improved eggs alone, some 1,000,000 kilograms of silk, at least, may be produced, if not the maximum 4,000,000 possible.

To encourage export of articles unnecessary for the present self-defense war, the National Ministry of Finance has ordered that all local authorities shall cease levying transit or other sectional imposts from one province to another.

Shortage of newsprint from foreign sources is forcing the Szechuen and other south-west China provinces to reduce their newspapers from ordinarily half-dozen to now-a-days one to two sheets of four pages each. Under the auspices of the Household Manufacturing Co., formerly of Shanghai, a study will be made to improve the papers made in Tung Liang, in Szechuen, which is suitable for printing but, of course, not so satisfactory as the imported; and further improvement may provide Chinese publishers with the long desired article.

While many Shanghai publishers have transferred their head-office to Chungking, lack of suitable paper has preventing some of them from resuming publication in their local plants. Price of required text-books has been raised by 40 per cent.

The China International Famine Relief Commission, maintaining a sub-office in Chungking, will advance funds for the construction of a system of irrigation ditches in Neikiang, Kiangtsin, Luhsien, and Pahsien so as to enable the planting of wheat also in summer and provide two, instead of one crops a year. The donation from the Chinese and other friends in Hawaii now in the hands of the Commission will be appropriated for this worthy project in east Szechuen.

To promote larger production of food-stuff in Szechuen, the Provincial Government has appointed a special commission to assist the people and direct them in their agricultural activities. Co-operation will be the main theme of the commission. All food-producing districts will have co-operative societies through which the local inhabitants may assist one another in man-power and rural finance. The Central Government Farm Credit Bureau will extend its operations to the inner-most parts of Szechuen. Granaries and warehouses will be encouraged everywhere.

A ~~rural~~ social service agency with the support of the central and the local governments will be established in Pehpei, some 100 miles from Chungking; and under the guidance of experts in sociological science, the rural population in Szechuen will be led to appreciate what will be done towards public health and public utilities as well as rural reconstruction in the way of increasing production on the one and the prevention of animal and other diseases on the other hand. Among those to assist in this rural social service leadership will be Dr. Chang Hung-chun, sometime professor of sociology in Yenching University in Peiping and until recently a magistrate in Shantung in charge of one of the model districts where the provincial government there is experimenting on a number of enterprises seeking for the improvement of public welfare and the reduction of rural poverty, a heavy drag on the advance of the country.

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Sikang Also Contributes Strength to Chinese Army

BY HIN WONG

To the outside world, the present Japanese invasion of China must have misled many Manchurians and Mongolians to secede from Chinese jurisdiction; but at the same time, it may be stated that this misfortune has moved a number of sections in the Republic formerly adverse to the National Government to return full loyalty to the Nation.

At least two regiments, consisting of 3,000 men, now fighting somewhere on the front, are Lolos, aborgines representing a number of tribes in the frontier districts of Sikang, west of Szechuen. Of course, they are not fighting as Lolos but as Chinese soldiers, whose ancestral pride and family tree are all being now superseded by nationalism, and even generals commanding divisions against the enemy on the front these days are not clearly known until one is dead. Many Tibetans in Sikang are being trained for service, and among the able-bodied men volunteering from the frontier provinces are *Miao* and other tribesmen.

While national emergency and public sentiment may be playing a part in the re-unification of all sections and clans in the Republic, serious efforts on the part of central and local governments to assimilate all within their rule in the past few years should be given no little credit for the happy outlook of today. Educational missions to socialize outlying regions and rural service groups to assist the farmers to rehabilitate their economic life in the country districts, all organized and well supported by leaders of China, have now begun to bear fruit.

As early as 1904, attempts were made to socialize the frontier tribesmen for civil life but suspicion and distrust on the part of the aborigines and perhaps lack of tact and practical methods of Chinese officialdom had not in those days brought about the desired result. As early as the 31st year of Kwangsi, Lolos in Sikang began to enlist in the then Imperial Chinese Army for local police and tranquillization duty, and at first only several hundred were thus recruited and trained. Later for the administration of affairs in the Szechuen and Yunnan Frontiers, Chao Er-feng was appointed minister in charge and spent some time in this vast territory before the fall of the Tsing Dynasty and the appearance of the Republic. For a time, in Sikang alone, then known as Sichuen, there were some 5,000 pupils in government regulated primary schools.

For the time being it is only Sikang, west of Szechuen, which has not been given the status of a province by the National Government and General Liu Wen-hui was appointed special high commissioner late in 1936 to undertake civil and military reforms in this territory so as to fit it into a regular civil administrative district like its neighbor on the north, Tsinghai Province. Up to late last year, eighteen districts have been made into *hsiens*, over each of which a civil magistrate has been assigned, and some districts have also organized within themselves bureaux of public safety, public finance, education, and economic affairs. Not counting those outside who have to be organized, the population of these 18 civil districts has figured 624,332, according to latest statistics, including 306,804 males and 317,528 females.

Kiangting, just outside Szechuen within Sikang, is the largest city of Sikang and it is on the caravan route leading from Szechuen to Tibet, a vast territory farther west. It has a population of 8,530 in its most recent report, including 3,967 male and 2,313 female Chinese; 963 male and 984 female aborigines, or persons of native and Tibetan ancestry; while 160 men and 169 women prefer to be classified as Mohammedans, and a scattered number Mongolians. Many in this city have no fixed occupation or are unemployed. The ones employed include 1,181 school children, 2,531 able-body men subject to call for military service, if necessary, 2,376 laborers, 100 farmers, 1,725 traders. In addition to local populace, there is in Kiangting a large number of government employees, as this is the present seat of government for Sikang. Among them are 117 on the civil and 80 on the military list and some 750 in educational and professional service.

Sikang is almost as large as the Japanese Empire and has an area of 177,395 square miles with an estimated population of some 8,900,000, chiefly of aborigines, *Miaos* and Lolos, while there are not many Chinese except in the large cities. Being in the semi-tropical zone, it is extremely humid in deep valleys but healthiest during autumn, because of breezes from the mountain side. In winter, the therometer is fairly low but seldom reaches the freezing point in low areas. The higher peaks, 20,000 to 25,000 feet high, are almost all the time covered with snow. Rainfall comes usually in May and June.

Sikang has large forest area and is, therefore, rich in timber and the soil towards the base of the mountain ranges is very fertile. Many of the ravines and lesser slopes are covered with pine trees. This territory also abounds in game, some persons calling it a hunter's paradise. Communications are difficult, however, and this is one of the draw backs. For the same reason, only farming is possible in Sikang, and the known minerals are still unable to be developed.

Sassoons, Greatest Boosters of Shanghai, Seriously Affected by Japanese War

BY MILTON BRONNER

(Written in London for the Vancouver, Canada, Sun, Dec. 11, 1937.)

THE Japanese and Chinese between them fired a good many high explosive shells over, around and into the city of Shanghai this fall. And you may be sure that no one (outside of Shanghai, that is) took a keener or more personal interest in all of this shelling than did the great British family of Sassoon.

Almost every time a Japanese shell exploded, it took a little nick off the Sassoon fortune. Almost every Chinese shell smacked into the Sassoon purse for pounds, shillings and pence.

For all of this shelling was very rough on Shanghai real estate; and some of the choicest bits of real estate in all Shanghai are owned by these same Sassoons.

Who are the Sassoons, you ask? The answer is: One of the most distinguished families in the British Empire, possessing a story-book past and a front-page present that add up to an unusual and colorful history.

It is a romance of east and west, this story of the Sassoons. It begins away back in the 12th century, when a Jewish family at that time took root in Toledo, Spain. Spain, under the rule of the Moors, was keeping the flickering flame of civilization alight in a dark and turbulent Europe, and Toledo was one of its great centers of art and learning. The Sassoons—who then had the Arabic-sounding name of Ibn Shoshan—were leaders of the Jewish community, men of wealth and culture.

Along in the fourteen hundreds Ferdinand and Isabella, famous to America as patrons of Columbus, drove the Moors out of Spain. An anti-Jewish campaign followed, and the chief branch of the Shoshan family moved to a friendlier land—to Bagdad, in fact, where the head of the family became known as head of all the Jews in Mesopotamia and was given the title of "Nasi," or "Prince of the Captivity."

Some time in the following years the family name changed from Shoshan to Sassoon. Hard times came, too, the family wealth dwindled, and eventually one David Sassoon moved to India, establishing a carpet and rug business in Bombay. He prospered there, liked the English rulers of the land, and as his sons grew up he sent them to English schools so that they could become good Englishmen.

Being an alert business man, David Sassoon eventually gave up his carpet and rug trade and entered the expanding Indian cotton manufacturing industry. By the time of his death—in 1864—the house of Sassoon had become a power in India, and had extended its trading activities to China and Japan.

A son, Albert Abdullah Sassoon, moved to England and pushed the firm on to new heights of wealth and influence. He became a baronet, won fame as a philanthropist, and cut quite a figure in the social life of London. Dying in 1890, he left his title and his estate to his son, Sir Edward Albert Sassoon. The son united riches with riches when he married one of the fabulously wealthy Rothschild girls. He was an intimate friend of the late King Edward VII, won election to Parliament from the constituency of Hythe, and served in the House of Commons until his death in 1912.

This brings us down to the modern history of the family—which suffers not at all by comparison with the picturesque early part.

Sir Philip Albert Gustave David Sassoon, Edward's son, succeeded him in the title and in the House of Commons as well, the voters electing him to fill the Hythe vacancy as soon as the elder Sassoon had died. Sir Philip immediately set to work to carve out one of the most distinguished careers in modern British politics.

Sir Philip's youth had embodied the "correct" training for a young British aristocrat, including education at Eton and Oxford. His chambers at Oxford were noted for their elegance, he belonged to all the swank clubs, and the dinner parties he gave were famed far and wide. Once he gave, in Oxford, a dinner which had been cooked in London, the dishes having been prepared by the chef of a famous London restaurant and sent to Oxford by train.

Already famous as the youngest member of Parliament, Sir Philip found his chance when the World War began. He was made private secretary to Lord French, commander of the British expeditionary force, and when French was replaced by Sir Douglas Haig, Haig kept Sassoon on in the same position until the war was over.

After the war, Sir Philip lit on his feet, becoming parliamentary private secretary to David Lloyd George, then prime minister. Many of Lloyd George's momentous conferences with other European statesmen were held in Sir Philip's palatial home at Lympne (pronounced Lim). This home, by the way, is one of three Sir Philip owns; one is a town house in London, filled with art treasures, and the other is a country house at Trent Park, most of whose thousand acres of grounds are filled with gorgeous flowers.

An ardent aviator, Sir Philip was for years Undersecretary of State for Air. In that capacity he visited all military air posts in the Far East, often flying 20,000 miles on a round trip. When Premier Neville Chamberlain recently reshuffled the British cabinet, Sassoon emerged as First Commissioner of Works—a congenial job, since one of its duties is that of looking after the royal palaces. Sassoon, incidentally, was a close friend of King Edward VIII and is even more intimate with the present monarch, George VI.

So much for Sir Philip. A collateral branch of the family is hardly less distinguished. It will be remembered that old David Sassoon's son Albert established the family name in England. A second son, Elias David, moved to China, established a business there and became the owner of extensive cotton mills, dye works,

Left to right: Sir Victor Sassoon, China developer; Siegfried Sassoon, poet; Sir Philip Sassoon, statesman.

and so on. His son Jacob expanded these businesses, became known as a philanthropist, moved to England and—like his uncle Albert—became a baronet.

His title now is held by his nephew, Ellice Victor Sassoon. Sir Victor, as he usually is known, is one of the richest men in Asia. Some years ago, angered by the high taxes in India, and by the rising Indian agitation for independence, he transferred many of his business activities from India to China, becoming the greatest booster of Shanghai real estate and owning many hotels and business blocks there. The Chinese-Japanese fighting there in 1932 damaged his property considerably, but nothing like the damage that has been inflicted this fall.

Sir Victor, who served as a captain in the Royal Air Force during the war and was badly wounded, is an enthusiastic race horse owner. As "Mr. Eve," he has seen his horses capture most of the great racing prizes in India, Ireland and China; so far, however, his pet ambition—to win the English Derby—has not been gratified. In 1929 he backed his horse, Gay Day, to the tune of U.S.$50,000, but it came in second.

The Sassoon reputation for philanthropy is amply upheld by Sir Victor, and he is especially noted for his generosity in India. Some years ago, when Lord Irwin was viceroy of India, Lady Irwin was anxious to raise some money for her pet institutions—the Central College for Home Science, the Delhi Y.W.C.A., and a tuberculosis sanitarium at Sanawar. She mentioned it to Sir Victor; he sent her a check for U.S.$40,000.

A third member of the famous family who has won distinction in an entirely different way is Siegfried Sassoon, who was born in England in 1886 and who jokingly refers to himself as "the poor Sassoon."

Until the World War, Siegfried was just another English country gentleman. He had been educated at the correct schools—Marlborough and Cambridge—and his principal business and diversion was fox hunting. When the war broke out he became an officer in the Royal Welsh Fusileers, seeing active service in France, Flanders and the Far East.

He was a good soldier—the hero of so many brave, almost foolhardy, exploits that he became known in the army as "Mad Jack." But if he was a stout soldier, he was also a critical one. The suffering he saw and futility he felt turned him into a poet—

one of the greatest poets of the war, noted for the searing bitterness and sarcasm of his verses.

A less distinguished officer might have got into serious trouble for writing some of the poems Sassoon wrote in wartime. For instance:

You smug-faced crowds with kindling eye
Who cheer when soldier lads march by,
Sneak home and pray you'll never know
The Hell where youth and laughter go.

Eleven years after the war ended, Siegfried Sassoon wrote an autobiography in which he called himself Sherston, thus being able to write in the third person. It made for him as great a reputation for fine prose as he had previously won for fine poetry. His "Memoirs of a Fox-Hunting Man" won the Hawthornden Prize in 1929 for the best prose book of the year; the second volume, "Memoirs of an Infantry Officer," published in 1930, won him the silver medal of the Royal Society of Literature.

Happily married and settled in the country-side he loves so well, Siegfried Sassoon is heard of nowadays only when he contributes an occasional beautiful poem to some English magazine. Financially the poorest of the family, he is also the farthest cry from the Bagdad founder of the family.

Dr. H. H. Kung Says China Is Prepared to Pay Cost of Long War

(Extracts from an interview given by Dr. H. H. Kung, President of the Executive Yuan and Minister of Finance, to the United Press)

That the present Sino-Japanese hostilities should have seriously dislocated China's trade and industry and impaired Government revenues is of course a foregone conclusion. But there are reasons to believe that financially, China's ability to withstand the strain of a protracted war is not inferior to Japan's.

Japan's highly industrialized structure is more vulnerable to the unsettling effects of a protracted war than China's pattern of economic life, which is essentially agricultural. Since foreign trade is the lifeline of an industrial nation, Japan will feel very severely the effects of its loss of foreign trade.

The situation becomes all the more difficult because in the world's present mood, the doors to borrowing are unlikely to open for Japan in countries capable of lending.

On the other hand, there is an abundance of sympathy and support both in America and Europe, for China's just cause in her present struggle, in contrast with the spontaneous worldwide condemnation of Japan's aggressive policy—an important factor which has operated, and will, I believe, continue to operate, in favor of China's financial stability.

The most significant factor in the successful management of China's war finance is the maintenance of the stability of the currency in relation to foreign currencies. This accomplishment created confidence both at home and abroad. With emergency exchange requirements largely covered, it seems reasonable to suppose that China's foreign payments will return to a state of approximate balance, although upon a much restricted basis as to both imports and exports.

The interference of hostilities with normal trade and financial administration naturally resulted in a serious impairment of government revenues. In the case of customs revenues, the first pillar of China's financial support, the loss was largest. During the first seven months of 1937, gross collections had been $262,000,000 or an average of $37,000,000 monthly, but during the last five months the gross collections averaged only $18,000,000 monthly.

Throughout the history of the Customs Service, the Chinese Government has scrupulously safeguarded its administrative integrity, inasmuch as the financial interests of many foreign countries are intimately involved in the maintenance of this principle. Therefore it is a matter of grave concern to all interested countries that the Japanese military have seriously undermined this principle by seizing customs revenues in Manchuria, now also at Tientsin, and by interfering with the customs administration in other ports.

Dr. H. H. Kung Receives Press Correspondents at Hankow

Dr. H. H. Kung, President of the Executive Yuan and Minister of Finance, received a number of foreign press correspondents at a reception in Hankow Jan. 17. The correspondents were introduced to Dr. Kung by Hollington K. Tong, Vice-Director of the Generalissimo's Publicity Department. In the course of the interview, Dr. Kung replied to numerous questions relating to the Sino-Japanese conflict and the financial position of the National Government.

Gen. Han Fu-chu, Found Guilty by Court-Martial, Is Executed

General Han Fu-chu, deposed Governor of Shantung and one of the last of China's semi-independent warlords, met his end at 7 p.m. Jan. 24 at the hands of a Hankow firing squad.

General Han Fu-chu had heard the death sentence pronounced upon him the previous night by a high military court, which found him guilty of the following charges: Repeatedly disobeying orders from his superior commanders and retreating on his own accord; forcing the sale of opium upon the people of Shantung; exacting, by force, taxes and levies from the people of Shantung; seizing public funds; and depriving the people of Shantung of their fire-arms.

As Commander of the Third Route Army, General Han Fu-chu was arrested on January 11 on the orders of General Chiang Kai-shek, and removed to Hankow for trial.

A special military court, of which General Ho Ying-chin, the Minister of War, was head, was organized to judge the deposed Governor. Other members of the court included General Lu Chung-lin, deputy Commander-in-Chief of the Chinese forces in a "certain" war zone, and General Ho Chen-chun, Governor of Hupeh Province. Late at night, after a final and particularly lengthy session, General Han Fu-chu stood before his judges to hear General Ho Ying-chin slowly and solemnly pronounce the death sentence upon him.

General Han Fu-chu was one of the last of the great warlords of China, and, although he acknowledged the authority of the National Government at Nanking, he was in fact semi-independent. Born in 1890, Han Fu-chu started life as a common soldier and, like many another Chinese warlord, carried in his knapsack a general's baton.

Soviet Envoy Orelsky Presents Credentials to President Lin Sen

M. Ivan Luganetz-Orelsky, newly appointed Ambassador to China, presented his oredentials to Lin Sen, Chairman of the Nationalist Government, in Chungking Jan. 23.

The new envoy, who succeeded M. Dmitrii Bogomolov (said to have been "liquidated" for his failure to gauge correctly China's defensive ability), arrived in Chungking from Hankow by plane the previous day. In presenting his credentials, M Orelsky said he was proud to be the bearer of an important and urgent message, which he wished to deliver before anything else. M. Orelsky said the Union of Soviet Socialist Republics has the utmost sympathy towards their friendly neighbor, the Chinese Republic, and wants to see the Chinese Republic emerge victorious in her present struggle for the preservation of her existence and of ther independence. The Soviet Government, he continued, believes that a united and independent China is a most important requirement for the development of peaceful and friendly relations among the civilized countries of the world. The conclusion of the Sino-Soviet Non-Aggression Pact is a demonstration of the Soviet Government's firm determination to seek peace. As "Soviet Ambassador to China, I shall endeavor to fully carry out this mission of peace," M. Orelsky concluded.

Exactly 15 hours before the Ambassador handed his papers to the aged head of the Nationalist administration, the building of the Soviet Embassy in Hankow was burned to the ground.

Movements in Diplomatic Circles

Dr. Herbert von Dirksen, German Ambassador in Tokyo, will leave for home with his family early next month. The envoy, who is suffering from asthma, has been granted leave by the Berlin authorities.

Hsu Shih-ying, Chinese Ambassador to Japan, left Kobe Jan. 22 for Hongkong on the s.s. *Empress of Russia*. He was accompanied by diplomatic and consular officials from Tokyo, Yokohama and Kobe.

General Chiang Kai-shek last week remitted a sum of money to Loyang for distribution among the wounded soldiers now receiving treatment in the hospitals there, in recognition of their loyalty and courage.

Gen. Chang Hsueh-liang, former powerful warlord of the northeastern provinces, who has been out of the limelight since the Sian coup of 1936, was reported in Japanese dispatches last week to be in Moscow conducting talks with Josef Stalin regarding "a joint front against Japan."

Middlesbrough Stevedores Refuse to Load Japanese Ships

Middlesbrough stevedores refused to load the Japanese steamer *Haruna Maru* with Teeside iron and steel goods Jan. 21, as a protest against Japan's attitude in the Far East. The strike was entirely unofficial, and the men refused to work despite appeals from their leaders. The agents declared that the ship would sail even without its cargo.

Japan Co-operative Society Objects to British Boycott

Regrets over its announced intention to boycott Japanese merchandise were cabled to the British Co-operative Society by the Japan Central Council of Co-operative Societies from Tokyo Jan. 16. The message urged the British organization to consider the rapidly growing relations between the two co-operative bodies, and asked for further information on the boycott, which, it said was "based on misunderstanding."

French Groups Plan Boycott Against Japanese

A boycott of Japanese goods in France was decided on in Paris Jan. 20 by a joint meeting of leftwing and pacifist organizations.

Japanese Leaders Make Public "Four Cardinal Points" of Nipponese Policy in China

LEADERS of the Japanese Government Jan. 23 made public what they described as the "four cardinal points of Nippon's future China policy." There is however, really nothing new in the Japanese program. It simply means that Japan is determined (that is, if she can accomplish it) to beat down the Nationalist Government of China and in doing so to ride rough shod over the rights and privileges of all other nations in this country. It is a program that for brazen effrontery has hardly ever been equaled in the history of the world.

The "four cardinal points" are as follows:

1.—That Japan will not deal with the Nationalist Government under any circumstances;

2.—That Japan may still declare war on China to stop foreign arms shipments;

3.—That Japan will act as a foster-parent to the North China administration;

4.—That there was "absolutely no possibility whatever" of third-party mediation.

This declaration of policy, generally regarded as tantamount to an assertion that Japan—and Japan alone—would settle the Sino-Japanese conflict was made by Premier Prince Konoye and Koki Hirota, Foreign Minister, in reply to interpellations at the first plenary, session of the reconvened Diet. Meantime, Prince Konoye reiterated his intention of maintaining the Open Door in China. He held out the sop that foreign investments were "absolutely necessary" to promote the utilization of land values in China.

"As for the phrase in the recent Japanese Government statement, "to cease relations with China, it means," Premier Konoye said, "that Japan does not intend to deal with the Nationalist Government for the adjustment of relations between the two countries. I declare on this occasion that there is no possibility of Japan negotiating with the Nationalist Government for a settlement of the incident."

Foreign Powers "Misunderstand" Japan's Policies, Says Premier

Replying to interpellations, Premier Konoye continued: "We have often announced that Japan respects the rights and interests of foreign countries in China." He added the usual palaver to the effect that there has until today been much misunderstanding on the part of foreign Powers regarding the position and policies of Japan in the Far East, saying: "Japan has not the slightest intention of conquering China and of closing the door to China to foreign countries. Access by foreign Powers to interests in China should be kept open and I feel that foreign investments are absolutely necessary to promote the utilization of land in China." He declared that Japan was not "idly hoping, with hands in pockets," for the formation of a North China regime, but that she "felt a necessity and responsibility" to act as a foster-parent until such an administration was firmly established. "That Japan is prepared to wait for a new administration to rise in China," Mr. Hirota said, "and negotiate with it for the readjustment of relations between the two countries, is a fact which, we believe, is well understood by foreign countries."

Replying to a question, Gen. Gen Sugiyama, War Minister, said that he was not at liberty to make a statement on the transportation of more divisions to China, as the matter was to be given study before an announcement could be issued.

Seiyukai Leader Says Chiang Regime Still Recognized

Despite the Government's protestations to the contrary, its declaration of Jan. 16 shows that it still recognizes the Chungking administration as a local regime, Toshio Shimada, a Seiyukai leader, told the Diet on behalf of his party, Jan. 22. The statement was made close on the heels of Premier Konoye's assurances that the Government would not enter into peace negotiations with the Nationalist regime.

Mr. Shimada urged the Government to "abandon an academic study of interpretations of international law" and "take immediate and effective steps with regard to the administration of areas now under our military occupation." Unless such measures are taken at once, he declared, "a situation may arise which will defeat the objectives of the expeditionary forces in Central and North China." Foreign Powers, he declared, would "willingly shake hands with Japan if they understood the latter's special position in the Far East and if Japan guaranteed their rights and interests in China." He also stressed the necessity of reforming China's currency as the first step in organizing a China-Japan-Manchukuo economic bloc and of organizing a semi-official holding company in North China to assist the region's economic rehabilitation.

Japan to "Co-operate" with "New Regime in China"

Speaking before the Seventy-third session of the Diet Jan. 22 Premier Konoye said the Japanese Government is ready to co-operate with a new regime in China, thereby adjusting Sino-Japanese relations and bringing about the rehabilitation of the country. Japan's immutable national policy, he told the Diet, aims at "building an edifice of permanent peace for East Asia on the unshakable foundation of close co-operation between Japan, Manchukuo and China, and contributing thereby to the cause of world peace."

Japan's policy of respecting the sovereignty and territorial integrity of China, and the legitimate rights of third Powers in China will not be changed, the Premier reiterated.

"Needless to say," said the Premier, "there will be no change in Japan's policy of respecting the sovereignty and territorial integrity of China, and the legitimate rights and interests of third Powers in China. It must be said that the mission of Japan as a stabilizing influence in the Far East has become of more importance, so her responsibility is getting greater day by day. We must certainly be prepared to make hereafter still greater sacrifices than we made heretofore.

"But unless we resolve to do this we will meet stormy misfortunes in the future. I believe that to bear such sacrifices is a noble duty that we of the present generation owe to posterity."

JAPANESE SAMSON

Homan in Wilmington, Delaware, (U.S.A.) Morning News.

Japan's "Peace" Terms Are Revealed

Japan's peace terms, communicated to the Nationalist leaders some time ago through the good offices of the German Government, were for the first time revealed Jan. 22 by Foreign Minister Koki Hirota in an address before the Diet.

The four "basic conditions" for the settlement of the incident, embodying Japan's "minimum requirements," were given by Mr. Hirota as follows:

1.—Abandonment by China of her policy tolerating Communism and opposing *Japan and Manchukuo*, and adoption by China of a policy of co-operation in the Japan-Manchukuo anti-Communist bloc;

2.—Establishment of demilitarized zones in "necessary localities" and creation of special regimes for those areas.

3.—Conclusion of an economic agreement between China, Japan and Manchukuo, and

4.—Payment of "necessary indemnities" by China to Japan.

Japan, the Foreign Minister reiterated, has no territorial ambitions in China, nor does she intend to separate North China from the rest of the country.

All Japan wants, Mr. Hirota said, is that China "taking a broad view of the situation, will collaborate with Japan toward the fulfilment of the ideal of Sino-Japanese co-operation for the common prosperity and well-being of the two countries."

The Nationalist Government, he indicated, failed to give a reply to these peace terms that could be regarded "in any way as sincere."

This attitude of the former Nanking administration, Mr. Hirota continued, compelled the Japanese Government to announce on Jan. 16 that it would no longer deal with the Nationalist regime.

Japan, Mr. Hirota went on, now looked "to the establishment and growth of a new Chinese regime capable of genuine co-operation with Japan." Referring to misgivings abroad regarding Japanese intentions towards foreign interests in China, the Foreign Minister declared that Japan was "prepared for the purpose of promoting the welfare of the Chinese people to leave the door wide open to all Powers and to welcome their cultural and economic co-operation there."

In the course of his speech to the Diet, Mr. Hirota said: "It is earnestly to be hoped that the powers, by recognizing the new conditions prevailing in China and by appreciating the propriety of such Japanese demands, for necessary and rational adjustments, as have been submitted, or may be submitted hereafter, in order to meet those conditions, will co-operate.

"Japan's policy towards the Soviet Union has always been guided by our conviction of the urgent need of placing the relations of the two countries upon a normal footing for the sake of the peace of East Asia.

"It is in accordance with this policy that we endeavored within the past year to solve the long pending issue of the revision of the fishery treaty, but unfortunately owing to the attitude of the Soviet authorities we were obliged to conclude a *modus vivendi* at the end of the year as in the year before last.

"I should add, however, that since the Soviet Government are proceeding with the necessary internal preparations for the conclusion of an agreement providing for the revision of the treaty now in force, we are taking steps for a continuance of the negotiations and the signing of a new agreement at the earliest possible date. "This Government attaches great importance to the smooth operation of Japanese concession enterprises in North Saghalien.

"In conducting military operations in China, Japan has been exercising special care lest the nationals, rights, and interests of third Powers should suffer.

"But there have occurred, I regret to say, toward the end of last year, the *Panay* incident and the *Ladybird* incident, involving Great Britain and the United States. While it is needless to say that their occurrence was entirely unintentional, it was feared for a time that these incidents might lead to an alientation of feeling between Japan and those two countries.

"I rejoice that, thanks to the calm and fair-minded attitude taken by the Governments of both countries and the sincerity of our Government and people, the incidents have been brought in each case to an amicable settlement."

Japan Able to Bear Heavy Military Costs, Finance Minister Kaya Says

Confidence that Japan's economic structure could withstand a drain of from Yen 20,000,000,000 to Yen 30,000,000,000 necessitated for war purposes was voiced by Okinori Kaya, Finance Minister, Jan. 23. Replying to an interpellation the Minister declared that the nation had made sufficient economic progress to bear a heavy burden of military expenditure. The reason for increased taxation, Mr. Kaya said, was in order to "make those staying at home share in the sacrifices of those at the front."

A 40 per cent increase in industrial production, compared to last year's figures, was being mapped out, Shinji Yoshino, Minister of Commerce, revealed.

Inyu Miyazawa, Minseito, asked for a modification of the present stringent system of quotas and import limitations, which, he alleged, "only benefit the great financial houses" to the detriment of small industrialists and merchants. Mr. Yoshino replied that experts in that field were now engaged in a study of the problem.

Munitions-Making to Aid Ailing Trades

Petty traders and manufacturers hit by the current hostilities in China will get a share of the Government's vast orders for munitions, the Ministry of Commerce and Industry ruled Jan. 23. Small industrial establishments and artisans will be granted subcontracts by the major munitions makers, the ruling said. Assistance will be given by the Ministry to such enterprises for the purchase of necessary equipment. The Ministry will also make a grant of Yen 1,000,000 for the relief of petty merchants and manufacturers, most of the money to be used as part-capital of various public rehabilitation organs.

Part of Japanese War Industry Put Under State Control

In keeping with the Japanese Government's campaign to enhance the nation's military preparedness, a portion of the war industries was placed under State control Jan. 17.

Commerce Ministry to Have War Affairs Bureau

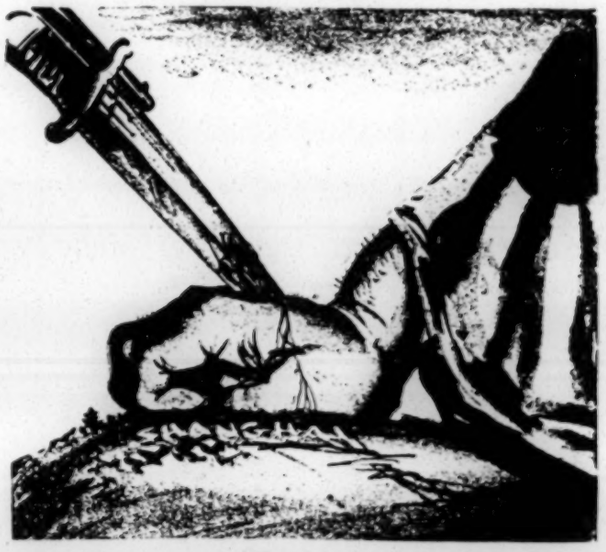
Creation of a war affairs bureau within the Ministry of Commerce and Industry is rapidly gaining favor with members of the Cabinet and the National Planning Board, the Tokyo *Chugai*, leading industrial daily, reported Jan. 21.

Japanese Government to Control All Branches of Industry

Disclosure of the Tokyo Government's intention to control every branch of economic endeavor, because of the belief that the current conflict with China will last a long time, was made in the Diet Jan. 22 by Finance Minister Kaya. Supervised by the State, he revealed, will be foreign trade, movement of money, production of goods and their consumption The funds required for the conduct of hostilities in China, he said, will be raised mainly through the issue of bonds, although taxes will also be raised. Special efforts will be made by the Government to prevent further rise in the cost of living, the Finance Minister told the parliamentarians. "In view of the policy adopted by the Government regarding the China affair, it is now necessary," Mr. Kaya declared, "to regulate the nation's economy and finance along all lines, on the assumption that the conflict will continue for a long period.

"The basic principle of our economic and financial policy lies in the maintenance of national economy by securing means for meeting the demand for vast amounts of money and materials needed in connection with the current conflict. The budget for 1938-39 has been compiled with a view to fulfilling military requirements and curtailing as far as possible consumption in other directions of all materials needed for military purposes. The total amount of the budget for the coming fiscal year reaches Yen 2,867,000,000, as regards both income and expenditures, which represents a reduction of more than Yen 40,000,000 in income and of more than Yen 76,000,000 in expenditures. As for the military expenditures in connection with the China Affair supplementary budget, special accounts will be submitted to the Diet for approval."

DIPLOMACY WAS TOO LATE



Ellis in the Daily Worker, New York.

Government Policies Attacked in Japanese Diet

Belying predictions of a smooth sailing for the Konoye Cabinet, Japanese parliamentarians Jan. 22 subjected the Government's diplomatic and financial policies to a severe criticism. The attack was opened by Koku Kawagaki, on behalf of the majority Minseito party, whose interpellations necessitated replies by Premier Konoye, Foreign Minister Hirota, and Finance Minister Kaya.

The most important result of Mr. Kawasaki's queries was to secure the Government's assurances that it would "absolutely never discuss peace terms with the Nationalist administration in China."

Speech Urging Curb on Statements of Ministers Applauded in Diet

Criticism of bellicose statements of Government Ministers literally brought down the House of Peers Jan. 24 as the usually serene members of the Japanese upper chamber of the Diet loudly applauded a speech by Junzo Kosaka, in which he pointedly suggested that all state Ministers, except Premier Konoye and Foreign Minister Hirota, refrain from commenting on diplomatic affairs. He urged the Government to listen to the "silent voice" of the nation in an effort to conduct national policies along the lines desired, and to "take a cautious attitude in personnel administration in order to preclude unfavorable criticism."

Two Major Parties Decide to Support Konoye Cabinet

Voicing approval of the Government's decision to eradicate the Kuomintang regime in China, Japan's two major parliamentary parties, Minseito and Seiyukai, have pledged support of Prince Ayamaro's Cabinet.

Nine-Point Policy for Japan Supported by Minseito Party

Rallying to the support of the Tokyo government's policies in the China incident, the Minseito, largest political party in Japan, Jan. 21 proposed a nine-point program to strengthen national unity, and launched discussions of measures to put it into effect.

Unified Politico-Social Body Favored in Japan

Creation of one popular politico-social organization "to support the imperial cause" was advocated at a meeting of 100 representatives of various patriotic associations in Japan Jan. 17.

Japan's Cotton Goods Exports Exceed Those of Britain

For the fifth consecutive year, Japan surpassed Britain in total cotton piece goods exports in 1937, the Japan Federation of Cotton Textile Manufacturers announced Jan. 23. Shipments from Japan totalled 2,661,751,000 square yards, this being 739,262,000 square yards more than the amount exported by Britain. While showing a decrease of 46,046,000 square yards, or 1.7 per cent, in volume from the figures for 1936, textile exports recorded an increase of Yen 9,500,000, or 19.7 per cent, in value over the previous year. Total textile exports for 1937 were valued at Yen 578,000,000.

Hirota Orders Kawagoe to Return to Tokyo

Foreign Minister Koki Hirota Jan. 18 ordered Shigeru Kawagoe, Ambassador to China, to return to Japan. The envoy's recall was the result of the Government's decision, announced last week, to cease relations with the former Nanking administration.

Admiral Suetsugu Appeals for Nation's Support of Policy

Japan "had no alternative" but to discontinue relations with the Nationalist Government of China and "make a new start" toward settling the Sino-Japanese hostilities, declared Admiral Suetsugu, Home Minister, in broadcasting an earnest appeal to the nation Jan. 16 to support the government's new policy.

Economist Warns Japanese Public to Be Prepared for Hardships

The present situation in Japan was the gravest she had ever faced and it must be weathered at any cost, said Baron Seinosuke Goh, the President of the Japan Economic Federation in Tokyo Jan. 19. The nation, therefore, must be prepared to undergo hardships in the future, he added. Baron Goh also warned the country that demobilization of the troops when they returned from China would also present an important and delicate problem.

Japan Not to Declare War for the Present

Japan does not intend for the present to declare war on China, a spokesman of the Foreign Office told newspapermen in Tokyo Jan. 17.

Explaining last Sunday's statement, Akira Kazami, Secretary-General of the Cabinet, said that there could be no declaration of war on China since that would imply relationship between the Japanese and Nationalist Governments.

Soviet Freighter Repaired at Osaka

With scarcely any previous notice a Soviet freighter, the *Dvina* of 1,772 tons, made port at Osaka Jan. 17 for repairs. The display of the Soviet flag on the vessel aroused much interest.

Official Ban to Dim Ginza's Bright Lights

Official eagerness to safeguard patriotism from the earthly pleasures will soon dim famed Ginza's bright lights, relegating its gay cafes and dancehalls to the obscurity of back alleys. Also to feel the heavy touch of police control, a study of official rulings revealed Jan. 24, will be permanent waving, mahjongg clubs, sale of candy by street salesmen, and kimonos worn by geisha, waitresses and taxi-dancers. The main objective of this "crusade of righteousness," Kenji Tomita, head of Japan's police force, explained was "to bring about self-discipline in the ranks of Tokyo's money-spenders, so the people at home would not be ashamed of themselves when they think about the soldiers at the front."

"Profit-Making" Enterprises to Be Controlled by Government

State control over the nation's "profit-making" enterprises is being planned by the Government, Premier Prince Konoye announced in the Diet Jan. 23. Such control, he said, is dictated by the need to mobilize Japan's resources for the successful attainment of her objectives in the current "China incident."

The Government's policy of pressing for the passage of the Nationalization of Electric Power Control Bill seems likely to be the cause of storms in the Diet, a *Reuter* message from Tokyo Jan. 24 stated. Though Premier Konoye has expressed his conviction that the Lower House will approve the measure, the political parties seem to be split on the issue, which big interests are strongly opposing. The Minseito Party forecast that the Bill would be passed early in March with considerable revision, but members of the Seiyukai Party are watching developments and wondering whether the Government will push the issue even at the cost of dissolution of the Diet.

China to Close Consulate-General at Seoul

Because of Japanese obstruction, Chen Tsu-kan, Acting Consul-General at Seoul, capital of Korea, has not yet been able to assume his post, it was learnt in official circles in Hankow Jan. 15. Repeated protests lodged with the Japanese authorities were ignored. The Ministry of Foreign Affairs therefore arranged to close the Chinese Consulate-General at Seoul.

Japanese Make Wholesale Arrests in Nanking's So-Called Refugee Zone

Japanese gendarmerie combing the so-called Refuge Zone in Nanking for Chinese soldiers made 1,575 arrests from January 15 to 28, a Japanese Army spokesman stated Jan. 24. Included among those taken in custody were 23 officers, 54 non-commissioned officers, and 1,498 privates. Large quantities of munitions were also seized in the zone, he said.

Basing his statement on a report made by the Japanese Gendarmerie in Nanking to higher authorities on January 10, the officer recalled that the so-called safety zone had admitted 200,000 Chinese civilian refugees.

Information having been received that a large number of Chinese officers and soldiers had sought sanctuary in the zone after shedding their uniforms, the gendarmerie, in co-operation with a divisional court of enquiry began a search for such characters, the spokesman declared.

Among those taken into custody by the Japanese gendarmerie was Wang Hsing-lung, 41-year-old former Peace Preservation Corps commander, who had adopted the name of Chen Mei and was serving as the assistant leader of the Fourth Squad of the International Relief Committee's police. He was alleged in the report to have taken advantage of his newly-acquired position to rape three women and to strip other refugees of their belongings. Three of his former subordinates were charged with having taken part in these depredations.

Capt. Huang Yen, 32 years old, was seized with 17 of his subordinates while hiding in the zone. One machine-gun and 17 rifles were also found and seized, according to the spokesman.

Capt. Ma Pu-hsing, 33, one of the adjutants to the Eighty-eighth Chinese Division was arrested on charges of instigating other Chinese refugees in the zone to engage in anti-Japanese acts.

Chu Hsin-chiao, 48-year-old director of the Inspectorate of the Metropolitan Police Force, the spokesman said, was taken in custody in the zone. He admitted that he had been in hiding in one of the Embassies.

In a search for arms, the following were found in a cache, located immediately next to a third-Power diplomatic establishment in the zone, according to the spokesman: one infantry gun; 21 machine-guns of Czecho-Slovakian make with 60 rounds of ammunition; three machine-guns and seven spare parts; 10 water-cooled machine-guns, 1,300 rounds of ammunition; 50 rifles; 420,000 rounds of rifle ammunition; 7,000 hand grenades; 2,000 trench-mortar shells, and 500 artillery shells.

In reply to questions, the spokesman indicated that some of the prisoners may have been executed as looters or as spies inasmuch they were not in uniform. Others, he said, were being held as prisoners of war.

Hirota's Pledge to Maintain "Open Door" Leaves America Sceptical

A *Reuter* message from Washington Jan. 24 stated that the moderate tone of the speech made by Koki Hirota, the Japanese Foreign Minister, at the opening session of the Diet, its pledge of a continuance of the Open Door in China, was duly noted by official Washington; however, scepticism regarding the course of Japan's policy in China is not thereby removed nor is the keenness of America's watch on the Yangtze relaxed—this because of the fear, based on past experience, that Japan's real policies are too often improvised by her forces in China.

Extra Burdens Placed on Japanese Infantry Conscripts

The six-month deduction in active service hitherto allowed Japanese conscripts in the infantry who have gone through young men's training institutes is to end through an amendment to the Conscription Law which is to be presented to the Diet. Graduates of the institutes will be compelled to serve as long as young men who have not attended them, one year, 10 months and 20 days. The change will affect those who entered the barracks in January.

The War Minister, General Hajime Sugiyama, explains that when the Conscription Law was passed in 1927, training in the infantry was relatively simple compared with that in other branches of the army.

He points out that infantry equipment has become markedly more complicated, and the infantry has become so much more important in relation to the other branches that its strategy is infinitely more complex. Thus it is impossible to give adequate training to conscripts in a year and six months even if they have been drilled in the young men's training institutes.

Army of 200,000 Chinese and Fifty Airplanes to Defend Strategic City of Hsuchow

Feverish preparations are being rushed by the Chinese and Japanese for the decisive battle at Hsuchow, the junction of the Tientsin-Pukow and Lung-Hai Railways in northern Kiangsu, Hsuchow military circles stated to *Kuo Min* Jan. 22. Under the personal direction of General Li Tsung-jen, Pacification Commissioner for Kwangsi and Commander-in-Chief of the 5th War Zone (Kiangsu, Anhwei and Shantung), the strategic city of Hsuchow will be defended by five picked Kwangsi Divisions and a number of Central Government Divisions, totalling 200,000 strong. All are equipped with modern weapons. A fleet of 50 high-speed pursuit planes, piloted by expert Chinese and foreign airmen, has arrived at Hsuchow to assist in the defence of the city.

Hsuchow was subjected to repeated raids by Japanese airplanes Jan. 22 in an attempt to disrupt the Chinese communication and supply lines in the 5th War Zone.

Vanguards of the Chinese troops on the northern section of the Tientsin-Pukow Railway advanced from Kiehho and recaptured Liangsiatien Jan. 22.

Gen. Chiang Said to Be in Command at Hsuchow

Gen. Chiang Kai-shek has assumed personal command of troops engaged in the defense of Hsuchow, the key point of the Chinese "Hinderburg Line," along the Lunghai Railway, according to Japanese reports.

Fighting Along Southern Section of Tsin-Pu Railway Front

Furious fighting broke out on the southern section of the Tientsin-Pukow Railway front in northern Anhwei Jan. 21, the battle line being extended to Takiho and Siaohiko, north of Mingkwang, and Sanhotsi and Taliuchen, on the western side of the Tientsin-Pukow Railway south-west of Mingkwang. The city of Mingkwang is 38 miles south-east of Pengpu.

Japanese Occupation of Mingkwang Confirmed

Japanese occupating of Mingkwang, important city on the southern section of the Tientsin-Pukow Railway 38 miles south-east of Pengpu, in northern Anhwei, was confirmed in military circles in Hsuchow Jan. 21.

Japanese Rush Reinforcements to Tsining

While the Chinese and Japanese positions on the northern section of the Tientsin-Pukow Railway front in southern Shantung remained unchanged Jan. 21, the Japanese were rushing infantry and cavalry reinforcements to Tsining, strategic city in southern Shantung.

Japanese Suffer 1,400 Casualties in Southern Shantung

More than 1,400 Japanese casualties were sustained at the rescent battle of Tsining, strategic city in southern Shantung, and Ishui, southeastern Shantung, according to Chinese intelligence reports from the north.

Japanese Main Force Reaches Linhwaikwan

Driving northward along the Tsinpu Railway, the main force of Japanese infantry arrived at Linhwaikwan Jan. 20, Japanese reports stated.

The Japanese advance along the southern section of the Tientsin-Pukow Railway has been successfully checked by the Chinese defenders as a result of two days' sanguinary fighting, a *Kuo Min* dispatch from Hsuchow Jan. 21, stated.

Japanese Forces Extend Lines North of Yangtze

Japanese forces operating on the north bank of the Yangtze with Hohsien as their base extended the area under their control early last week, Japanese advices stated.

Heavy snowfall is reported in the Tientsin-Pukow Railway zone south of the Yellow River and north of the Yangtzse River. Despite the arctic weather, the Chinese armies on the northern and southern sections of the Tsin-Pu Railway front are cheerful and alert, *Kuo Min* advices from Hsuchow state.

Japanese Advance on Sanhotsi and Makiakang

The Japanese forces at Shanotsi and Chulungkiao, respectively 8 miles north and 12 miles west of Chuhsien, in northern Anhwei, clashed with the Chinese at Sanhotsi and Makiakang, south of Mingkwang, 38 miles south-east of Pengpu, Jan. 19.

Chinese Guerillas Re-Capture Southern Hopei Cities

Chinese guerillas who last week recaptured the four cities of Kwangping, Feisiang, Cheng-an and Kuchow, which are situated north of Taming, are now engaged in consoldiating their positions.

Chinese Marines Mutiny at Weihaiwei, Japanese Messages State

Chinese marines stationed at Weihaiwei mutinied Jan. 21, fragmentary reports reaching Tsingtao the following day from the north Shantung port stated. The Chinese were alleged to be engaged in extensive looting, the Japanese message said.

Japanese Say Chinese Units Being Mopped Up Near Hangchow

In a steady snowfall, Japanese troops last week continued to mop-up the Chinese units which during the previous three weeks had made repeated attempts to penetrate through the Japanese lines around the lakeside city, recent Japanese messages stated.

Chinese Successes on Kiangsu-Chekiang-Anhwei Border

Following the recapture of Kwangteh, eastern Anhwei, Chinese troops also re-took the city of Langki, 20 miles northwest of Kwangteh, a *Kuo Min* message from Tunki, southern Anhwei, Jan. 18 stated.

Autonomous Commission Set Up in Hangchow

Inaugurated on Jan. 16, the Autonomous Commission at Hangchow Jan. 19 extended its activities to all branches of civil life. The body is headed by Shen Fu-piao, former Director of Public Welfare of the Shanghai City Government, assisted by Sun Ling-chih, member of Parliament in Peking in pre-Nationalist days.

More Chinese Troops Cross Chientang River

Advancing eastwards from Yuhang, 15 miles west of Hangchow, the Chekiang provincial capital, Chinese troops reached a point 3 miles west of Lingyinssu famous Buddhist Temple in the West Lake region, on Jan. 19.

Japanese Erect Radio Station on Changtushan

A party of Japanese marines which recently landed on Changtushan, near Tinghai, are erecting several gun emplacements and a radio station on the island. Chinese laborers are being impressed by the Japanese for the work.

No March on Hankow Is Necessary, Gen. Matsui Says

It would not be necessary to advance to Hankow as the "Chinese have lost their fighting spirit and there are indications that they desire peace," according to a belief expressed by Gen. Matsui, Commander-in-Chief of the Japanese Expeditionary Forces in Central China, in an interview with the Tokyo magazine *Kaizo*. The interview, which was granted in December 31, appeared in the February issue of the magazine.

"Chinese notables," General Matsui declared, "had sent emissaries to him to discuss the subject of peace." After some minor fighting in the Tientsin-Pukow and Lunghai Railway areas, according to his forecast, military operations would perhaps be concluded, but patience was necessary. In the same interview, General Matsui declared that the foreigners in Shanghai did not adequately recognize the power of the Japanese forces. "They realize," he said, "that it is useless to oppose Japan and that it is preferable, under existing conditions, to entrust us with the protection of their interests.

"I have received no instructions from my government," General Matsui continued. "All that happens in Shanghai is decided solely on my responsibility. In principle I do not recognize the neutrality of the foreign concessions in Shanghai. Therefore, I, myself, intend, hereafter, to exercise China's sovereign rights over the concessions. If we act with determination the foreigners will recognize our authority."

General Matsui added that the unfortunate *Panay* affair had hampered the realization of some of his policies. In conclusion, he said that he favored the creation of a Central China government separate from the North China regime.

CLEAN-UP PROPAGANDA

The Japanese military authorities issued this picture to prove they were cleaning up Nanking.

U.S. Protests 15 Acts of Violation by Japanese Forces in Nanking

A strong protest was lodged with the Japanese government by Joseph Grew, U. S. Ambassador to Japan, against 15 specific

cases of violation of American property and the American flag in China since January 15, 1938, the U. S. State Department revealed in Washington Jan. 22.

Following the protest, the Japanese authorities in Nanking gave their assurances to Mr. Allison, United States Consul in the former Chinese capital, that they would take measures to prevent the recurrence of similar acts.

Soviet Embassy at Hankow Is Destroyed by Fire

The Soviet Embassy in Hankow was completely destroyed by fire on the night of Jan. 23. The fire broke out on the ground floor at about 8.30 p.m. and within a few minutes, had spread to the roof. A suggestion of sabotage was made by a foreigner who stated that he distinctly heard an explosion shortly before the fire broke out.

Japanese Institute Pass-System at Tsingtao

Issuance of special passes enabling Japanese and foreign nationals to enter, reside and do business in Tsingtao was decided by the Japanese authorities in that city Jan. 24 so as to keep "undesirable elements" under control.

Five-hundred Japanese residents, who left their homes in Tsingtao late in August, returned to the city this week.

Peace Preservation Commission Is Organized at Tsingtao

With normalcy rapidly returning to Tsingtao, a Peace Preservation Commission was formed in the famous Shantung resort city last week.

Japanese Say Railway Staff at Tsingtao Ready to Resume Work

Ready to start work at a moment's notice, 300 employes of the Railway Bureau were awaiting resumption of normal service on the Tsingtao-Tsinan line, a Japanese message from Tsingtao Jan. 22 stated. Fifty locomotives and 200 coaches are being prepared for service there, it was said.

HANKOW'S NEW "LEGAL" COMMUNIST PAPER

The above is a reproduction of the front page title of the new "red" paper which is published with official permission of the National Government at Hankow. The paper is known as the *Sin Hua Jih Paa*, is dated Jan. 14 and consists of four pages. The cartoon at the upper right corner urges the Government to arm the people as a means of saving Hankow from Japanese occupation. The leading editorial deals with the fight of the Spanish people against Fascism.

25 "Peace Bodies" Functioning in Central China Under Japanese Direction

Twenty-five peace maintenance commissions and one Great Way Government are functioning in areas in Central China under Japanese military occupation, the *Shanghai United News* reported Jan. 23. Closely co-operating with Japanese troops, these organizations, according to the daily, are rapidly "restoring peace and order in war-ravaged towns." Included among the centers governed by autonomous commissions are Nanking, Chinkiang, Kiangyin, Wuhu, Soochow, Wusih, Huchow, Hangchow, Haining, Kashing, Quinsan, Paoshan, Chenju and Tsunming Island.

The Ta Tao, (or the Great Way), Government is also holding its sway over Pootung, the Japanese daily says. The latest addition to the list, was the Huchow Peace Maintenance Commission, organized on Jan. 16, in the presence of ten Japanese military officers and 100 Chinese civilians. The most noteworthy members of the Commission are two women (there are 28 men). One of these is Miss Niu Shu-pu, a 26-year old girl, educated in Japan, and once employed by the now-defunct Chinese Eastern Railway.

The other woman is known to her Chinese friends as Shih Feng-tzu; to her Japanese admirers as Shih Mineko. She is a Japanese woman, who many years ago was married to a Mr. Shih, a graduate of the Tokyo Yoyoshima Normal School. After her husband's death two years ago, Mrs. Shih continued to live in Huchow with her adopted son. When war began in Central China, the Japanese woman left Huchow for a safer haven. As soon as the Japanese troops occupied the Shanghai-Nanking area, she, however returned to her husband's home.

Canton Is Once More Bombed by Japanese

A squadron of five Japanese airplanes made a raid on Canton city Jan. 23. Several bombs were dropped on the northern suburb before the raiders were driven off by anti-aircraft fire. Japanese airplanes also dropped six bombs on Whampoa, east of Canton.

Japanese Carry Out Air Raids in Kwangtung

A fleet of 18 Japanese airplanes raided the Pingwu and Cheungmuktow stations of the Canton-Kowloon Railway Jan. 21. More than 70 bombs were dropped.

Canton-Kowloon Highway Bombed

Thirteen Japanese planes bombed the Canton-Kowloon highway at Pinghu and Changmontu Jan. 20. The planes also dropped scores of bombs at Chuantien and Hwenshih, on the Canton-Hankow Railway. Two Japanese planes appeared over Huiho and dropped a number of bombs, but inflicted no damage.

Japanese Naval Planes Resume Raids Along Nanchang Railway

Resuming their activity after a prolonged lay-off caused by bad weather, the Japanese naval air force Jan. 21 morning raided the Chuhsien and Yushan airdromes on the Hangchow-Nanchang Railway.

Japanese Air Raid in Honan

After circling over Kaifeng, the Honan provincial capital, and Chungmow, central Honan, a Japanese airplane Jan. 22 dropped two bombs at a Lung-Hai passenger train, but missed its target. The plane then circled over Chengchow, the junction of the Lung-Hai and Peiping-Hankow Railways, but was driven off by the spirited fire of anti-aircraft guns.

Two Chinese Air Raids on Wuhu Prove Failures, Japanese Say

Two unsuccessful air raids were staged on Wuhu Jan. 23 by Chinese bombers. According to a Japanese naval spokesman, five Chinese machines made their appearance over the Yangtsze port city at 8 o'clock in the morning. Four of them unloaded their missiles near the airdrome but missed their objective, being driven off by anti-aircraft fire. A lone bomber sought to drop bombs on Wuhu itself but also missed its target. No human or material losses were recorded, he said.

Abortive Japanese Raid on Lanchow

A squadron of five Japanese airplanes made an abortive attempt to raid Lanchow, provincial capital of Kansu, Jan. 21. Coming from the direction of Shensi, the raiders were observed at Chingning, south-eastern Kansu, shortly after 1 p.m. A squadron of Chinese pursuit planes immediately took to the air. Seeing that the Chinese were prepared to offer stiff resistance, the Japanese turned back hastily in a south-easterly direction without reaching Lanchow.

Miss Hilda Yen Joins Chinese Air Force

In addition to Misses Li Hsia-chin, Lin Pung-hsia, and Yang Chun-chin, the Chinese now have another woman flier, in the person of Miss Hilda Yen, daughter of Dr. W. W. Yen. (This is not Dr. Yen's well-known niece by the same name, now in Geneva.) Miss Yen received her training in an aviation school in America, and has now joined the Chinese air force, according to the recent reports received in Shanghai.

C.N.A.C. Buys Huge Planes for Hongkong-Chungking Line

In view of the growing number of passengers travelling by the C. N. A. C. air-line between Chungking and Hongkong, the China National Aviation Company has decided to purchase two big airplanes from the United States. Each of the new planes will be able to carry fourteen passengers.

Japanese Planes Bomb Ichang for First Time

Staging their first attack on Yangtse ports beyond Hankow, eight heavy Japanese bombers dropped from 50 to 60 bombs on Ichang shortly after 10 a.m. Jan. 24. The objective appeared to be the air field, but it was later learned that a few missiles had fallen on the water front.

Two Mongolian Regimental Commanders Return to Government Fold

Yu Yun and Hou Chen-kuo, two regimental commanders of the 7th Mongolian Division under Ta-Mi-Ling-Su-Lung, stationed at Fengchen and Pingtichuan, eastern Suiyuan, have returned to the Central Government fold after a brief experience of Japanese cooperation, a *Kuo Min* message from Linfeng Jan. 19 stated.

Kiangsi War Relief Committee Looks After Needs of Refugees

Since November last year, 4,477 war refugees have been taken care of by the Kiangsi War Relief Committee, it was announced in Nanchang, Jan. 17. During this period, 3,007 refugees were despatched to other places of safety at the expense of the Committee.

National Child Welfare Association Gives Relief to Refugees

The recent activities of the National Child Welfare Association of China for relief of children in war-torn areas, since the outbreak of the Sino-Japanese hostilities, were reviewed in a statement by the Secretariat of the Association, made public last week. The statement mentioned that the Refugee Children's Camp, which was established by the Association at Lane 621 No. 11 Burkill Road on August 19, 1937, is to take care of children of war-torn areas between the age of four to 14. On November 26, 1937, the Executive Committee of the Association decided to enlarge the scope of the Camp from 150 to 1,000 underprivileged children. Because of inadequate space of its premises, the camp was later removed to the St. John's Y.M.C.A. School, Jessfield Road. The present enrollment of the children in the camp is about 400. Educational facilities are being given to the children in the Camp, beside food and clothing.

Agnes Smedley Collects Relief Funds for North China

By dint of tireless lecturing, organizing and evoking horrifying pictures of rooted populations in North China, Miss Agnes Smedley, American writer who recently was engaged in relief war in the war-torn areas, has collected a fund of $100,000, the *United Press* says. The fund will be used for supplying medical outfits, food and warm clothing for the brave partisans and starving peasants in the north-west.

Japanese Take Over Kwanfu Medical Work

Japanese authorities have taken over the medical work that has been conducted by American missionaries at Kwangfu, 10 miles south of Soochow, since the fall of that place, a spokesman of the Japanese Embassy informed newsmen at a press conference in Shanghai last week. Reporting on conditions at Soochow, the spokesman stated that 26,000 Chinese had remained in the city during the occupation by the Japanese troops and that about that many more had returned since then. He placed the number of Chinese now in the city at about 50,000.

London Lord Mayor's Used to Buy Medical Supplies for Chinese

Approximately £18,000 of the money subscribed in England for relief work in China and known as the Lord Mayor's Fund, has been spent in England for the purchase of medical supplies and drugs which have now nearly all arrived in Hongkong.

This is according to a statement made by the Central Executive Committee in charge of disbursing the fund which was formed in Shanghai with the British Ambassador to China and the Governor of Hongkong as joint presidents and with Herbert Phillips, British Consul General, as chairman.

Chinese Refugees Throng 240-Mile Highway to Ichang

Thousands of war refugees from various parts of China, seeking exit from Hankow last week began their exodus to the far western provinces with the recent opening to traffic of the 240-mile highway to Ichang, a big city more than a thousand miles up the Yangtze River. The Hankow-Ichang Highway was recently opened to all vehicles by order of the Hupeh Provincial Government, anxious to send the tens of thousands of war-ridden humanity to less congested places upriver.

The 24-mile highway is jammed with these war refugees endlessly proceeding in rickshas, wheelbarrows, horse-carriages and on the backs of donkeys and mules. In pathetically small bundles they carry their last remaining goods and chattels.

Welfare Program for Chinese Urged by Tokyo Association

Definite steps to carry out a social welfare program for needy Chinese were urged in Tokyo Jan. 11 by leaders of the Central Social Work Association in talks with government officials.

Chinese Residents in U.S.A. Raise $2,000,000 for War in Three Months

Seventy-five thousand Chinese in the U.S. contributed over Ch$2,000,000 for medical and refugee relief during the first three months of the undeclared war in China, it was announced in San Francisco recently. Funds from direct contributions have been as liberal as those realized from the sale of hand-made flowers and benefit shows of various kinds, ranging from Chinese operas to dances. The Chinese Six Companies of San Francisco, head organization of the community, raised its Ch$1,000,000 dollar quota in less than three weeks from direct contributions.

Japanese Report International Relief Commission at Nanking "Automatically Dissolved"

The International Relief Commission in Nanking, which has hitherto been looking after Chinese refugees in the unrecognized safety zone, became "automatically dissolved" when the autonomous government of the fallen Chinese capital came into office, a spokesman of the Japanese Embassy said Jan. 21 in reply to questions relating to the refusal by the Japanese authorities to grant the Commission permission to transport food, medical and other supplies. Asked whether that meant that any future requests from the I.R.C. would be disregarded, the spokesman said that the Relief Commission had been "automatically dissolved and it is inconceivable that a dissolved body should require any such foodstuffs."

18,000 Refugees Die in Shanghai

Since Aug. 13, 1937, a total of 18,000 refugees have died from disease, lack of food, and cold and exposure. These dead bodies have all been buried by various charitable organizations in the city, the *Hwa Mei Wan Pao*, of Jan. 19 stated.

Work of Shanghai International Red Cross Society Described by J. R. Jones

The work of the Shanghai International Red Cross Society with its many ramifications, was the subject discussed by J. R. Jones at the regular meeting of the Joint Committee of Shanghai Women's Organizations held Jan. 29 at the German Garden Club. The Shanghai Committee was formed under the leadership of Dr. W. W. Yen, who is now Chairman of the Executive Committee.

For the mainspring of the organization, the Committee (said Mr. Jones) has been fortunate in being able to avail itself of the services of Dr. J. E. Baker and Mr. Li and the other members of the staff of the Accounting Department of the China International Famine Relief Commission. Dr. Baker is a director of the Committee and controls all bulk purchases of food and their application.

Red Cross Assists Hankow Refugees

The International Red Cross in London Jan. 29 received a letter from Mr. Scott, member of the Red Cross in Hankow, stating that the assistance received from the Lord Mayor's Fund, the American Red Cross, and other organizations, had greatly helped in relieving the sufferings of the wounded. The main problem in Hankow is that of assistance for the civilian population which fled before the Japanese advance.

Japanese Say Mopping Up Completed in Pootung

"Mopping-up" operations executed by Japanese forces against Chinese troop remnants in Pootung for a week have been "virtually concluded," a Japanese military spokesman averred Jan. 22. While detailed information, he said, could not be obtained, reports to the effect that bands of Chinese irregulars had been swept from the peninsula had been received.

Japanese Civilians Not to Wear Semi-Military Uniforms

Japaneses civilians will no longer wear semi-military garb in this city, the *Shanghai United News* reported Jan. 22. In a determined campaign to put an end to the masquerading of civilians as soldiers, Japanese gendarmes here have warned their co-nationals to wear no khaki uniforms, while shops in the Hongkew district were ordered not to sell such clothes.

British Air Force in Singapore to Be Strengthened

The British Air Force at the Singapore Base is to be substantially reinforced by additional squadrons before the end of the year. The new squadrons will include two to be presented by the Malay States for the defence of the peninsula. With the completion of the civil aerodrome and another Air Force aerodrome on the island, it is believed that Singapore will soon be in a position to act as the base for the greatest air armada in Asia.

Singapore's new long-range defense batteries, most powerful concentration of heavy guns in the world, will be given their first opportunity for target practice in "mimic warfare" during the large-scale sea, land and air maneuvers February 2 to 5, according to a joint announcement issued Jan. 19 by the Admirality, the War Office and the Air Ministry.

French Government Evinces Great Concern Over Growing Nippon Influence in Siam

Political circles in Paris manifest considerable uneasiness concerning the increasing influence exercised by the Japanese at Bangkok and in this connection it is recalled that the renewal during last November of the Franco-Siamese treaty of commerce and friendship, originally concluded in 1925, encountered great difficulties which were finally overcome only with the assistance of Britain, a *Trans-Ocean* message from Paris, Jan. 21 stated.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th issue of The Review.

Dec. 17.—**U.S.S. Panay** survivors arrived at Shanghai. Lieutenant J. W. Geist declared **Panay** was machine-gunned by Japanese from two army landing boats. Norman Alley, Universal Newsreel, confirmed that the **Panay** was machine-gunned before sinking.
Officers of **H.M.S. Ladybird** declared Japanese attacks on British war and merchant vessels "could not possibly be construed as mistaken identity." Convinced attacks were deliberate.

Dec. 17.—Japan determined to continue hostilities, declared Vice-Admiral K. Hasegawa, Commander of Japanese Fleet in China waters.

Dec. 17.—400,000 Chinese laborers completed boom or barricade across Yangtsze at Kiukiang after 4 months of work, according to **Reuter** report from Hankow.

Dec. 17.—30 Soviet airmen and a number of Soviet planes arrived at Hankow, according to **Reuter** report.
Alleged Soviet pilots already engaged Japanese fliers. Other foreign pilots also fighting in Chinese Air Force, a Frenchman who was killed and an Australian wounded in an aerial battle recently at Nanchang, when several Japanese 'planes brought down.
Hankow tense, but Chinese officials showed no sign of weakening determination to continue resistance.

Dec. 17.—Japanese enter Nanking: Army and Navy detachments headed by General I. Matsui and Vice-Admiral K. Hasegawa, conduct victory parade.

Dec. 17.—Important battles involving nine Central and Southern provinces believed pending as Japanese and Chinese armies maneuver for operations at Hsuchow and Hangchow.

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Dec. 18.—**Reuter's** correspondent at Nanking who arrived aboard **Ladybird** gave eye-witness account of gruesome scenes in the Capital on December 12 and December 13, when Chinese forces withdrew. Many buildings were set on fire and thousands of people robbed and killed, and women raped.

Dec. 18.—Tokyo **Asahi** declared Japan ready to terminate hostilities, if China desired. General Chiang Kai-shek determined to continue resistance.

Dec. 18.—Thorough reorganization of China's political, military, diplomatic establishments under way. General Kai-shek continue in supreme command; General Chu Teh to direct operations in Shansi; General Chang Fa-kwei to command Chekiang-Fukien Sector; General Li Tsung-jen in charge of Tsin-Pu Railway front; General Li Chi-sen to be in command of Kwangtung front.

Dec. 18.—**U.S.S. Panay** bombing films taken by cameramen Eric Mayell and Norman Alley rushed to U.S.A. by American gunboat to Manila and from there to San Francisco by the Clipper plane.

Dec. 18.—Ivan Luganets-Orelsky, new Soviet Ambassador to China, arrived at Hankow December 15, according to **Domei** report.

Dec. 18.—Japanese planes dropped 900 tons of bombs in Central China cities, according to statement of naval section of Japan's Imperial General Headquarters.

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Dec. 19.—Japanese cotton mills in Tsingtao set on fire and blown up by Chinese soldiers. Japanese estimated losses at Y.300,000,000. Chinese population begin fleeing inland. Some 300 Americans, 500 Britons and an unknown number of foreigners of other nationalities remaining.

Dec. 19.—Japanese troops which occupied Yangchow north of Yangtse resumed attacks on Chinese forces along the Grand Canal; Kaoyu, 45 kilometers north of Yangchow, believed objective.
On the Tsin-Pu front, Japanese attempting to push toward Chuchow, 45 kilometers northwest of Pukow. Another Japanese column operating north of the Yangtsze said preparing for a drive along the Hwai-Nan Railway with **Hofei**, important Anhwei city, as objective.

Dec. 19.—Report new Soviet Ambassador to China, Luganets-Orelsky, arrived at Hankow, officially denied in both Chinese and Soviet circles.

Dec. 19.—Germany not to recognize so-called Provisional Government in Peiping.

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Dec. 20.—Situation in Tsingtao tense.
Japanese property losses in China since outbreak of war believed total Y.400,000,000, which sum represents more than 60 percent of Japanese entire investment in country.

Dec. 20.—Developments in Sino-Japanese military situation in Central and South China summarized:
Japanese drive against Hangchow along four routes, indicating that the lake city would become the chief objective of the Nipponese forces during the next few days' operations in the Chekiang area.
Withdrawal of Chinese forces along the Tientsin-Pukow line from Chuchow and Wuyi to Changpaling, the latter city being approximately 60 kilometers from Pukow.
Quickening of Japanese drive along the Grand Canal, following Chinese withdrawal from Yangchow.
Reported Japanese landing December 19 at Bias Bay, thus threatening the Kowloon-Canton railway and the city of Canton itself.

Dec. 20.—National Government mandate issued at Chungking denounced the so-called Provisional Government in Peiping.

Dec. 20.—Some 10,000 Mohammedan troops from southern Sinkiang under command of General Ma Chung-ying arrived at Wuyuan, West of Paotow, Suiyuan to join in the war against Japan, according to Hankow report.

Dec. 20.—Major-General K. Harada, Japanese military attache, denied charge Japanese army launches machine-gunned the **U.S.S. Panay** after the vessel was bombed. But Tokyo Foreign Office spokesman admitted the machine-gun attack, according to **Reuter** report.

Dec. 20.—Prolongation of hostilities in China and eventual recognition of Provisional Government in Peiping among decisions made at Tokyo Cabinet meeting December 18, according to **Reuter** report.

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Dec. 21.—Some 30,000 Japanese troops sailed from Shanghai allegedly destined for Shantung or South China.
Japanese drive on Hangchow slowed down due to Chinese counter-offensive.
Tsingtao tense following destruction of Japanese properties including extensive cottons mill and mining enterprises. Northern Kiangsu. Chinese forces holding out at Changpaling, 60 kilometers north of Pukow. Chuhsien, 40 kilometers from Pukow, captured by Japanese.
Japanese planes raided Kiukiang on Yangtsze. Chinese authorities strengthen defence of Hankow. Numerous officials from Nanking evacuate Hankow for Chungking.

Dec. 21.—Some 75 Chinese survivors of the Panay bombing, mainly employees of Standard Vacuum Oil Company and crew of the Company's vessels, arrived at Shanghai; 15 wounded seriously.

Dec. 21.—General K. Harada, Japanese Military Attache, reiterated Panay not machine-gunned before sinking. Retracted statement Panay fired three cannon shots at Japanese troops on shore of Yangtsze.

Dec. 21.—Sir Archibald John Clark Kerr appointed new Ambassador to China, succeeding Sir Hughe Knatchull-Hugessen.
Foreign Secretary Anthony Eden declared Great Britain not to recognize Chinese puppet regime in Peiping.

Dec. 21.—Two Cantonese Divisions defending Nanking fought their way through Japanese lines into Anhwei province.

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Dec. 22.—Japanese troops captured Mokanshan, Chekiang. Hangchow threatened.
Heavy fighting at Changpaling in Tientsin-Pukow Line.

Dec. 22.—National Government placed all public and private industries under military control.

Dec. 22.—Report General Yang Hu, formerly Garrison Commander of Shanghai, executed officially denied in Hankow.

Dec. 22.—Authorities at Hankow decide to divide the various war fronts into 5 districts; all man power and material resources to be mobilized.

Dec. 22.—Japanese reports that some 20,000 Chinese troops still in Nanking denied by Chinese military authorities in Hankow.

Dec. 22.—To facilitate transport of military supplies, more than 1000,000 Chinese laborers reported constructing military highway linking China with Soviet Russia, according to **Kuo Min** report.

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Dec. 23.—Japanese continue drive on Hangchow along Szean-Yuhang Highway from Chekiang-Anhwei border.
Japanese threat regarded as serious.

Dec. 23.—So-called autonomous Coccission headed by Tao Hsi-shan established at Nanking.

Dec. 23.—Two Japanese fliers, N. Obayashi and I. Hoshinao,

killed at Nanchang December 22.

Dec. 23.—Collapse of discipline among section of Japanese forces and atrocities committed by Japanese soldiers in Nanking revealed in dispatches published in **New York Times** from Nanking correspondent reprinted in **Shanghai Evening Post.** Outrages included "chaos of looting and raping which has made the Japanese entry into Nanking a national disgrace."

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Dec. 24.—Japanese forces enter Hangchow following attack on four sides.

Dec. 24.—Large-scale hostilities loom in Shantung as Japanese army crossed Yellow River. Tsingtao tense.

Dec. 24.—Defence of Nanking regarded as military blunder according to **New York Times** correspondents, based on reports of nentral military observers. Chinese troops also guilty of looting in Nanking.

Dec. 24.—Massacre of civilians, rape of Chinese women and systemetic destruction and looting of property in Nanking by Japanese troops confirmed by reliable foreign residents in the city. Eve-witness accounts of wholesale looting and murder.

Dec. 24.—Japanese military in Tientsin threatened drastic action as retaliation for destruction of Japanese property in Tsingtao and Tsinan, according to **Domei** report.

Dec. 24.—General Chiang Kai-shek declared Chinese people would resist to end; expressed complete confidence in China's ultimate victory; revealed military supplies arriving from Indo-China and Russia.

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Dec. 25.—Railway and telephone communication between Tsingtao and Tsinan cut.
Japanese transferring large bodies of troops from Peiping-Hankow to Tientsin-Puwow Railway front in preparation for large-scale operations in Shantung.
Chinese forces defending southern section of Tientsin-Pukow Railway reported advancing beyond Mingkwan; vanguard reached Chuhsien.
New Japanese offensive on southern Shansi reported.

Dec. 25.—General Chiang Kai-shek declared new Chinese army would be trained in two months. Said China's hopes that Powers would help had been disappointing; recognized China's salvation depended on her own resources and energy.

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Dec. 26.—United States closed "Panay" incident by accepting Japanese apologies and offer to indemnity both the government and individuals.

Dec. 26.—American diplomatic officials in Shanghai sail for Nanking to reopen Embassy there.

Dec. 26.—Japanese forces launch attack on Tsinan, Shantung capital, using heavy artillery.
Confirmed Japanese troops crossed Yellow River December 23 at Chingchow, 90 kilometers below Tsinan. Seven Japanese warships off Tsingtao.

Dec. 26.—Luganets-Orelsky, Soviet Ambassador arrived at Hankow.

Dec. 26.—Hsiung Hsi-ling, former China premier and philanthropist, died at Hongkong December 25.

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Dec. 27.—Japanese troops capture Tsinan, Shantung capital; Tsingtao position critical as Japanese troops converging on the city. Chinese confirm fall of Hangchow December 24; Chinese forces withdraw south of Chientang River.
Japanese troops, after occupying Hangchow, press toward Tunglu, on Hangchow-Nanchang highway.

Dec. 27.—Areas north of Soochow Creek opened to foreigners, willing to abide by Japanese army regulations; but extrality rights would not be upheld in event of offences against Japanese army.
Three hand grendades thrown at Japanese military transport junk on Soochow creek from Honan Road bridge. One Japanese soldier slightly injured; Assailants escape.

Dec. 27.—Sun Fo, President of Legislative Yuan, departs for Moscow to represent Chinese Government in negotiations with Soviet Government.
Numerous government changes in Hankow to ensure military efficiency.

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Dec. 28.—Japanese troops advance rapidly on Tsingtao along Kiaochow-Tsinan Railway. Unconfirmed report Japanese naval units also landed. Japanese drive along Tientsin-Pukow Railway toward Hsuchow slowed down by strong Chinese resistance. General Han Fu-chu's troops concentrated at Taian, 45 kilometers south of Tsinan.
Japanese forces in Shansi also resume offensive.

Dec. 28.—Japanese land 200 marines on Wongcum Island, south of Macao.

Dec. 28.—General Iwane Matsui, Japanese Commander-in-Chief, declared Japan would give China time to change her attitude but stated Japanese troops might find it necessary to advance on Hankow and even Chungking.

Dec. 28.—Another hand grenade thrown at Japanese troops on Soochow Creek near Chekiang Road bridge. Soldiers fired but no casualties reported. One Chinese Li Hsi-min was arrested by Municipal Police.

Dec. 28.—Japanese authorities inform S.M.C. authorities they would shortly take over policing duties of western extra-Settlement areas. Police and administrative rights on extra-Settlement roads, however, would continue to remain in hands of council. Japanese said seeking withdrawal of British outposts in western districts.
Settlement spokesman said police withdrawal from eastern areas during hostilities necessary, declared Council had not thereby forfeited and did not intend to forfeit rights inside the International Settlement. Statement refuted Japanese contention that the Council had forfeited its administrative rights over the eastern areas because it ordered police officers to withdraw when bostilities endangered lives of staff.

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Dec. 29.—Chinese mobile units recaptured Fuyang and Kwangteh in surprise attacks.

Dec. 29.—Japanese troops continue drive toward Tsingtao, fall of which expected shortly.
Another Japanese column advancing southward from Tsinan said nearing Taian.

Dec. 29.—General Chiang Kai-shek visited Canton December 24, inspected defense works, conferring with military leaders according to Chinese report.

Dec. 29.—China National Aviation Corporation opened new airline between Hongkong and Chungking, December 16.

Dec. 29.—Li Hsi-min, Chinese soldier allegedly responsible for attacking Japanese troop junk with hand grenade on Soochow creek handed over by municipal police to Japanese military.

Dec. 29.—So-called "Shanghai Citizens' Federation" allegadly sponsored by over 100 leading Chinese business men formed according to Japanese report. Prominent among promoters were: Loh Pa-hong, T. K. Yung, Yao Mo-lien, Ku Hsin-yi and others.

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Dec. 30.—Loh Pa-hong, well-known Chinese Catholic leader and alleged promoter of "Shanghai Citizens' Federation," assissinated. Culprits escape; motive of assassination believed political.
Yung Chung-ching (T. K. Yung), local Chinese industrialist and also a leading member of the "Federation," declared in interview in **The China Press** that China was virtually a nation without a government; explained that the new organization was entirely philanthropic in nature.

Dec. 30.—Japanese army spokesman declared Chinese and foreigners, who had evacuated areas west of Shanghai, would be allowed to return to those districts.

Dec. 30.—Mayor Shen Hung-lieh of Tsingtao urged Chinese residents to evacuate as soon as possible, in view of steady advance of Japanese troops on city. More Japanese property along Tsingtao waterfront burned. Chinese telegraph and wireless offices blown up. Foreigners in Tsingtao organize volunteer corps to police city in the event of withdrawal of Chinese forces.
Japanese troops on Tsin-Pu Railway continue attack on Taian.

Dec. 30.—Japanese planes raid Canton and envirous, causing many fires. Two American schools badly damaged.

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Dec. 31.—Admiral Shen Hung-lieh, Mayor of Tsingtao, and Admiral Hsieh Kang-chieh, Garrison Commander, depart from city. All Chinese troops and marines withdraw. Exodus of civilian Chinese from Tsingtao intenstified as Japanese troops near city. More property, both Chinese and Japanese, blown up. Foreign volunteer corps, nicknamed "Vigilantes," formed. Severe fighting between Japanese and Chinese troops under General Yu Hsueh-chung at Weihsien on Kiao-Tsi Railway.
Chinese Foreign Office Spokesman at Hankow declared Chinese destruction of Japanese property in Tsingtao constituted reprisal for outrages committed by Japanese.

Dec. 31.—Resignations of Wang Ching-wei and Chang Chun as Chairman and Secretary-General of Central Political Council accepted by National Government, according to Hankow report. They were succeeded respectively by General Chiang Kai-shek and Chang Chih-luan (editor of **Ta Kung Pao** at Hankow).

Dec. 31.—Chinese customs revenue for 1937 amounted to $342,900,000 as compared with $324,630,000 for 1936, showing an increase of $18,270,000, according to statement issued by Sir Frederick Maze, British Inspector-General.

Dec. 31.—Military authorities in Hankow estimate Chinese losses in defence of Nanking at 20,000. Japanese alleged Chinese losses exceeded 80,000 denied.

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U.S. Navy to Hold Huge Maneuvers Next March in Pacific Ocean

The United States annual fleet maneuvers beginning March 14 will test a defence line that stretches 4,322 miles down the middle of the Pacific Ocean from the rim of the Arctic to subequatorial waters, according to official disclosures in Washington Jan. 23. In the north the line is based on Alaska and the string of Aleutian Islands which reach arm-like from the North American mainland toward Asia. In the centre the line is based on the Hawaiian Islands where the Pearl Harbor defences are so strong as to be known as "The Gibraltar of the Pacific." The southern extremity of the line is the naval station in American Samoa, 15 degrees below the equator. Here the main harbor is Pago-Pago.

Never before has the United States fleet planned such extensive maneuvers. Naval officials disclaimed any connection with the conflict between Japan and China. They said the plans were drafted previously, but unofficial experts were confident that developments in the Far East "war" would cause certain alterations in the basic plans of the exercises.

One hundred and seventy-five warships, about 500 planes and between 50,000 and 60,000 men will take part in the games. They are to start on the California coast of the United States and spread fanlike over the vast triangle represented by Dutch Harbor in the Aleutians on the extreme right and Pago-Pago on the extreme left.

The area of the triangle is approximately 480,000 square miles.

Bill for Canal Across Nicaragua Introduced in Congress

War and the threats of war in Europe and the Far East had further repercussions in the United States Jan. 19 as bills were introduced in Congress to provide for the construction of an inter-ocean canal through Nicaragua, and in the conversion of merchant vessels and aircraft to war time use if necessary, while the Navy Department announced the letting of a contract for 58 new scout bombers.

U.S. Navy Bombers Make Record Flight to Hawaii

The greatest long-distance flight ever undertaken by the Air Arm of the United States Navy ended successfully Jan. 19 with the arrival at Pearl Harbor, Hawaii, of eighteen Navy bombers from San Diego, California. Favored by good weather, the machines, flying in formation all the way, covered the 2,570 miles in 20 hours and 22 minutes. Each 'plane carried a crew of seven officers and men. As a precautionary measure, an aircraft tender, equipped with searchlights, was stationed half way along the route as a beacon.

Japan's Naval Program Is a Secret, Says Admiral Noda

"If third Powers are taking the Sino-Japanese hostilities as a pretext to build additional warships, it is purely due to a misconstruction and distortion of the situation," declared Rear-Admiral Noda, spokesman of the Ministry of the Navy, in Tokyo Jan. 20. Japan, he added, was seeking only peace—in the Far East and throughout the rest of the world.

Questioned concerning the allegation that the Japanese Navy might be responsible for starting a race in tonnages and gun calibers, he replied that, judging from press reports, the United States program, as well as that of Soviet Russia, might be taken as initiating a naval race. Rear-Admiral Noda declined to answer all questions concerning Japan's capital ship program. The strictest secrecy, he said, had always been maintained regarding Japan's naval construction plans, and he was not acquainted with them. The Japanese Navy, however, he added, adhered to a policy of non-menace and non-aggression.

Replying to the suggestion that Japan's secrecy in this connection was, in itself, a menace to third Powers whose building programs were published beforehand, the spokesman agreed that secrecy might cause uneasiness to outsiders, but added: "We insist that our policy of non-menace and non-aggression should be trusted."

Asked whether Japan's China policy was one of non-menace and non-aggression, Rear-Admiral Noda said: "This policy is the keynote of our entire military preparations. Even the present China affair was undertaken as a necessary step to establish peace in the Far East."

"Japan Intends to Peel Off the Thick Skin of the British for All Orientals to See"

"Unless Japan peels off the thick skin of the British for all Orientals to see, eternal peace will not dawn in East Asia," asserts Vice-Admiral Masataka Ando.

"War between Japan and Britain is not likely, but if it broke out Japan would have little to fear from Great Britain," declares Rear-Admiral Toma Uematsu (reserve list). "For the British land forces don't count. They learn to march in dance-halls and are not a match even for the Chinese."

"Yes!" says Rear-Admiral Sosa, "the British were in a quandary in the World War. The Government tried to infuse a spirit of patriotism into the hearts of the people, but few would enlist and fight for their country. Mostly Indians were sent to the Western Front, Canadian volunteers and Australians. In every war the British have always used the armies of other lands to fight their battles. The British Navy is quite strong, I should think. It is formidable compared with the Army."

"Cut Britain off from the Far East. That's my motto," declares Vice-Admiral Keisaburo Moriyama, (retd.), K.C.M.G.

The occasion was a meeting of six Japanese admirals and two generals, all on the retired list or in the reserve, convened by the popular Tokyo monthly *Hinode* (Rising Sun) to debate the question of what would happen "If Britain and Japan should fight." The verdict was that Britain won't, because it lacks the desire or courage, according to the February issue of the magazine, which prints a verbatim narrative of the debate, subject to a number of deletions.

Among those present in addition to staff-members of the "Rising Sun," were:

Admiral Ryozo Nakamura (Reserve list), Companion of the Bath and formerly Chief of the Navy Supply Dept. and member of the Supreme War Council.

Vice-Admiral Masataka Ando (reserve list).

Vice-Admiral Keisaburo Moriyama, (Retd.), Knight Commander of St. Michael and St. George.

Dr. Leighton Stuart Says Yenching Will Carry on Essentially as in the Past

Academic freedom is being maintained at the Yenching University despite the extremely delication situation now existing in Peiping, Dr. J. Leighton Stuart, President of the noted American missionary institution, told a group of his former students at a reception in Shanghai this week.

Dr. Stuart, who came here to attend the China Foundation and the Council of Christian Higher Education meetings, was the guest of honor at a tea party tendered by some 100 Yenching alumni.

Although many irritating problems of minor nature have arisen since the University re-opened for the current semester, the Peiping authorities, Dr. Stuart said, have not tried to interfere with the work of the school. He emphatically discredited rumors, which had been current in Shanghai, that several Yenching students were either shot or arrested and that the University was forced to suspend. No such incident occured, he told the gathering.

From the experience of the past months, Dr. Stuart is of the opinion that the university which he has served as president since 1918 will be able to carry on essentially as it has been in the past. The Peiping authorities, he revealed, had given no indications that they would like to see Yenching cease operation.

New Regime in North China to Link Dollar to Yen

Participation of the proposed "China Federated Reserve Bank" in the Japanese yen bloc, consisting of Japan, Manchukuo and Inner Mongolia, and the unification of currencies in North China are the highest objectives of the bank plan sponsored by the "Provisional Government of the Chinese Republic" according to the Tokyo *Asahi*.

The bank is destined to become the central bank of China, the newspaper adds. The establishment of this monetary bloc involving Japan, Manchukuo, Mongolia and North China, it states, will form the foundation of an Oriental economic bloc to be planned by Oriental nations and, in this sense, the proposed consolidation of the currency system in North China is looked upon as having significance in connection with economic fruits reaped by Japan in the present China incident.

The president of the bank may be Kenji Kodama, former president of the Yokohama Specie Bank.

Features of the Bank will be:

It will control the money market in the territory under the jurisdiction of the "Provisional Government of the Chinese Republic," and when that territory is expanded to Central and South China, the money market in the new districts also will be placed under its control.

The Bank will be capitalized at $50,000,000, half to be invested by the new regime and half by existing Chinese banks.

With its establishment, all note-issues of existing banks in North China, including the Yokohama Specie Bank and the Bank of Chosen, will be transferred to it.

Silver stocks now held by all banks in Peiping and Tientsin will be concentrated on the new bank as a specie reserve.

No free conversion of notes into specie will be permitted but a managed currency policy, as is followed by Japan, will be adopted. Silver cash held in Peiping is estimated at $16,000,000 and that in Tientsin at $40,000,000.

The external value of notes issued by the Bank will be made equal to the Japanese yen. An agreement is expected to be concluded between the new Bank and Japanese banks as to the maintenance of such an exchange rate.

The Bank hopes to negotiate a credit amounting to about Yen 100,000,000 with Japan through a syndicate organized by the Yokohama Specie Bank, Bank of Chosen, Industrial Bank of Japan and Hypothec Bank of Japan.

Who's Who in China

Victor W. T. Shen (Shen Wei-tai)
沈惟泰

Victor W. T. Shen, Government official; born in Kiating, Kiangsu, 1906; graduated from Tsing Hua College, Peking, 1927; studied in the University of Wisconsin, 1927-29; transferred to Columbia, 1928, B. A., 1929; post-graduate studies in Columbia, majoring in Political Science and International Relations, M. A., 1930 and Ph. D., 1932; Professor of Political Science in National Central University, Nanking, 1932-33; Secretary, Directorate-General of Posts, 1934-36; Expert, Ministry of Foreign Affairs, 1936; author of "China's Foreign Policy, 1839-60," published in New York, and of various articles in the *Independent Review*, the *Administrative Efficiency*, and the *Chinese Year Book*; address: Ministry of Foreign Affairs, Chungking, Szechuan.

H.S. Henry Lisling (Li Shih-ling)
李時霖

H. S. Henry Lisling, Government official; born in Kashan, Chekiang 1893; graduate of the University of Mexico, Mexico City; attache to the Chinese Delegation to the League of Nations in Geneve, 1923-24; third secretary in the Chinese Legation in Mexico, 1924-28; second secretary in the Chinese Legation and Charge d'Affaires a.i. in Chile, 1929; First Secretary in the Chinese Legation and Charge d'Affaires in Chile, 1930-33; Counsellor of Fukien Provincial Government 1935; Mayor of Amoy, since April, 1936; decorated by the Chilean Government with the order of "Al Merito"; address: Municipal Government of Amoy, Amoy, Fukien.

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In the United States Court for China

JOHN RIPPEY MORRIS, Plaintiff, vs. BERNICE THOMURE MORRIS, Defendant.	Cause No. 4291 Civil No. 2170 ORDER. Filed at Shanghai, China, this 12th day of January, 1938. William T. Collins, Clerk. E. J. Collins, Dep. Clerk

ORDER

The object of this suit is the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS plaintiff herein, by his attorneys, has this 11th day of January, 1938, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 11th day of January, 1938, the summons for the defendant was returned by the Marshal of the United States Court for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 11th day of January, 1938, John Rippey Morris, the plaintiff herein, filed an affidavit to the effect that the defendant herein was not residing in the Republic of China nor has she been within the jurisdiction of this Court during the last six months previous to the 11th day of January, 1938.

NOW, THEREFORE, it is this 12th day of January, 1938 ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "China Weekly Review" a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 29th day of January, 1938, the day of the last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT.

MILTON J. HELMICK
Judge.
United States Court for China.

Men and Events

Lieutenant-General Kiyoshi Imai, former Deputy Chief of General Staff of the Army, died in Tokyo Jan. 22.

Motokichi Hasegawa, Secretary of the Japanese Embassy in London, has been appointed to serve as Consul in Shanghai.

Martin Gold departed for Hongkong this week where he will represent the brokerage firm of S. E. Levy and Company.

The American Association of University Women held a buffet dinner for members and friends (ladies only) at the American Club in Shanghai Jan. 26.

Stuart Allen, United States Consul in Chefoo, has been appointed Consul in Lyons. Quincy Roberts, Consul in Saigon, will replace Mr. Allen in Chefoo.

The Japan Press Association's "goodwill mission," touring Central China with a message of encouragement to Japanese troops and newspapermen, proceeded from Shanghai to Nanking Jan. 21.

Enrolment in schools maintained by the Japanese Residents' Corporation north of the Soochow Creek in Shanghai, has grown to 850 children, organized in 35 classes, the *Shanghai United News* reports.

With approximately 50,000 Chinese residents back in the city, conditions in Soochow, the Venice of China, were rapidly showing improvement, a Japanese Embassy spokesman announced in Shanghai Jan. 21. No Occidentals were there, however, he said.

On the eve of resuming publication after a six-day suspension, the *Social Evening News* or *Su Hui Wan Pao*, a Chinese paper in Shantung Road, was visited by a lone terrorist on the night of Jan. 24 who threw a hand grenade into the newspaper plant, wounded three persons.

Alvin Thomson Rowe, Jr., Vice-Consul, has been transferred to Shanghai from Taihoku, Formosa, where he was stationed for several months. Prior to his departure from Formosa, Mr. Rowe was occupied with special duties resulting from the grounding of the Dollar liner *President Hoover*.

Dr. George Sellet, former U. S. District Attorney and now a practicing lawyer in Shanghai, is planning to depart from San Francisco for Shanghai on Feb. 9. Dr. Sellett went to the United States several weeks ago for medical treatment for one of his eyes, which was affected by strain. Dr. Sellett is returning on the Clipper plane.

Anti-aircraft defenses of Nanking were studied in detail this week by a group of specially dispatched officials of the Korean Government-General who arrived here last week. The group, headed by Col. Wataru Morobashi, is also visiting other towns in Central China to investigate preparations made by the Chinese to meet Japanese air raids.

The latest venture into the Chinese daily newspaper field in Shanghai is the *Mei Jih I-Pao* ("The News Digest"), published by the University Press, Ltd., the managing director of which is J. A. E. Sanders Bates. In addition to news paragraphs the paper prints a large number of translations from foreign language newspapers and journals.

Representing full payment of the American share of losses on the Dollar liner *President Hoover* which went on the rocks off Formosa last month, the American Marine Insurance Syndicate Jan. 20 presented the Maritime Commission with a cheque for $2,500,000. The London insurance market had previously paid $5,000,000 for the wrecked liner.

With a view to preventing incidents under prevailing circumstances, and in the interests of order and the maintenance of the public peace, the sale or letting-off firecrackers in the French Concession on any pretext was forbidden by police order this week. All persons contravening the order will be arrested and punished by a fine of one to a hundred dollars in addition to being liable to be brought before competent courts, the French authorities announced.

Henry W. Kinney, for 10 years adviser to the South Manchuria Railway, who had proceeded to Tahiti over year ago ostensibly to retire, has returned to the Far East. A recent issue of the *Japan Times* chronicled his arrival at Yokohama from San Francisco. He told the *Japan Times* that he had made a hurried visit to the United States before sailing for Japan and that "the majority of Americans have no true understanding of conditions in Asia and they are distinctly pro-Chinese in their sympathies."

The charge of embezzlement of funds of the Comacrib Press, Shanghai, against T. C. Garett, well-known American resident of Shanghai and former business manager of the concern, has been dropped by the United States District Attorney, Leighton Shields. The amount involved was $2,000. In nolle prossing the case it was stated that the District Attorney held that there was insufficient evidence and that apparently efforts were being made to use the official's office as a collecting agency.

Removal of goods from the Hongkew and Yangtzepoo areas across Soochow Creek was resumed this week, after a temporary suspension end of last week. It is stipulated that passes are to be obtained at the Japanese Consulate-General. In the future any foreigner wishing to transfer goods south of the creek must apply to the Japanese Consulate-General for permission, presenting papers showing the name, quantity, location and ownership of such goods. Only those who have obtained such permission may remove their goods.

Charged with the task of gathering data for dissemination abroad, five officials of the Japanese Cabinet's Information Bureau arrived here last week. The party will remain in Central China for a week, when it will proceed to North China by way of Dairen.

Miss Flora Eugenia Jewell, for 27 years a resident of Shanghai, died on Tuesday, Jan. 25 at her residence, 510 Ave. Haig. Miss Jewell was born on Feb. 14, 1859 at Brentwood, New Hampshire, U. S. A. and came to China to live with her sister Miss Martha Jewell of Miss Jewell's School. She is survived by Miss Martha Jewell and another sister, Mrs. I. J. Dearborn of Summit, New Jersey.

Paul V. McNutt, High Commissioner of the Philippines, returned to Manila Jan. 24 aboard the *U.S.S. Augusta*, flagship of the American Asiatic Fleet, which made the trip from Shanghai in new record time. The cruiser, which arrived in the Philippine capital at 9.30 a.m., took only 43½ hours for the voyage, thus beating the former record established by the U.S.S. *Houston*.

Miss Yee Ching-chih, native of Hangchow and founder and director of the Chinese Women's Art Society of Shanghai, is now in New York where she is planning an exhibition of her work. Previous exhibitions of her scroll paintings at Vancouver and Dallas aroused considerable interest. She specializes in the painting of figures of Chinese women in the ancient style of the Sung and Tang artists.

The American Red Cross has contributed the sum of U.S. $170,000 for relief in China, most of which has been dispensed through various hospitals for medical services since the beginning of the crisis. In addition the American Committee of the China Famine Relief Commission has contributed the sum of $80,000 in Chinese currency, while Chinese residents of the United States have remitted the equivalent of approximately $100,000 in Chinese currency through American agencies. Other sums have been remitted independently, of which no record is available.

The Japanese military authorities Jan. 24 notified the Shanghai Municipal Police that they are taking over the Bridge House and Asia Apartments. The former is understood to be held by the Trust Department of the Continental Bank while the Bank of China Trust Department is in charge of the latter. The Japanese have asked that all former foreign residents who have belongings in either of these houses to remove them as soon as possible Applications are to be made to West Hongkew Police Station. Previous to the current hostilities there two apartment houses were greatly patronized by members of the Settlement Police Force.

Groups of Chinese students at various universities in the United States recently have published a number of pamphlets dealing with the situation in the Far East, or have started magazines with the object of acquainting their fellow students with conditions in China. Among the new publications are the *Far East Magazine* which was started by the Chinese Student Patriotic Association; the *Chinese Student*, by the Students Club of Arkansas State College; *Chinese Mercury*, School of Journalism, University of Missouri. The China Institute of America has published a booklet, "International Law and the Undeclared War. "The Chinese Students Christian Association has also published an 80-page booklet entitled, "China Faces Japan."

Death Occurs of B. C. Wan, a Diplomat of the Old School

The death occurred in Shanghai Jan. 20 at the age of 76 of Bing-chung Wan. The deceased was one of China's most prominent personalities. He was born in 1862 at Toi Shan, Kwangtung. At the age of 14 he was one of the first group of students sent abroad by the Empress Dowager to the United States for training. Tong Shao-yi was also one of that group. Mr. Wan attended the Worcester Institute of Technology but before his work was completed he was recalled to China by the Empress Dowager, who feared that the students would be too completely westernized. Later he returned and graduated. Returning to China once more, he became in 1884 Chief Official Interpreter to Viceroy Liu of Kiangsu, Kiangsi and Anhwei. This post he held until 1895 at which time he became Commissioner of Foreign Affairs for Szechwan Province. Then he was transferred to the Foreign Affairs Commission at Nanking.

In 1904 he served as Senior Consul to the Mission of Investigation in Europe under Viceroy Tuan-fang. He visited all of the leading European countries. After his return he was promoted to Chief Commissioner of Foreign Affairs at Nanking with the rank of "taotai." Two years later he was appointed Superintendent of Government Students to U.S.A. and he again went to America, this time with the first group sent by Viceroy Tuan-fang. He returned in 1907 to be made a director of the Tientsin-Pukow Railway, in which position he served one year. He was then made Commissioner of Foreign Affairs in Tientsin and served concurrently as Councillor to the Ministry of Foreign Affairs. After this he was adviser to the Szechwan-Canton-Hankow Railway Line until the overthrow of the Ching Dynasty. He then served as Commissioner of Foreign Affairs at Nanking, in the first year of the Chinese Republic. From 1912 to 1919 he was Chief of General Affairs for the Construction of National Railway Lines under Sun Yat-sen. In 1919 he served as Vice-Minister of Foreign Affairs under the Provisional Government of the Republic of China in Kwangtung. He served as a mediator in the Lincheng Affair in 1924.

British Raise Funds to Assist Chinese Colleges

The destruction of Chinese educational establishments was the subject of a letter by Major-General Sir Neill Malcolm, Chairman of the Universities of China Committee, printed in a prominent position in *London Times* Jan. 5. The writer draws attention to the fact that three universities have been completely destroyed and fourteen damaged in Tientsin, Shanghai, Nanking, Paotingfu and Nanchang, and that 53 high schools and 25 primary schools have been destroyed or occupied by the Japanese. Altogether, he adds, 50,000 students have been affected, while the total losses amount to approximately £2,000,000.

The British branch of the International Students Service is campaigning, especially in British university towns, to raise £4,000 as its share of a general fund of assistance to Chinese colleges. The sum of £2,981 has already been collected. The British branch is also helping Chinese students in Great Britain who are temporarily without remittances from home owing to the Sino-Japanese hostilities.

Central Military Academy to Re-open at Chungking

New premises for the Central Military Academy have now been constructed in Chungking, by the authorities of the school; classes will begin as soon as the instructors and cadets arrive.

Ministry of Education to Establish New Middle School in Shensi

For the relief of students from the war zone, who have come there for refuge, the Ministry of Education has decided to establish a Provisional Middle School in Sian.

Registration of Professors and Students from War Zones

The Ministry of Education has decided to conduct a registration of professors and students from the various colleges and universities in the war zones, who are now taking refuge in other parts of the country. The registration will begin on Feb. 1 and end on Feb. 15.

Academia Sinica Moves to Kweilin

The Academia Sinica, the highest Chinese organ of learning and research, has removed from Nanking to Kweilin, Kwangsi.

Scholars connected with the Institute, who have now arrived in Kweilin, include Dr. Chuan Chang-kung, Director of the Institute of Chemistry; Dr. Ting Si-lin, Director of the Institute of Biology; Dr. Li Shih-kwang, Director of the Institute of Geology; Dr. Tao Meng-ho, Director of the Institute of Social Sciences; Dr. Wang Ching-hsi, Director of the Institute of Psychology; Dr. Wu Ting-liang, Director of the Institute of History. Other staff members total more than seventy persons.

More than ten train-loads of apparatus, and laboratory and other equipment, have been shipped there.

Tung Chi University Removed from Woosung to Kinhwa

Tung Chi University, which was removed from Woosung to Kinhwa, in western Chekiang, following the outbreak of the Sino-Japanese hostilities in the Shanghai-Woosung area, has now been moved to Kanchow, in southern Kiangsi. Class work was resumed Jan. 20. Both German and Chinese members of the faculty have arrived at Kanchow.

Tungwen Students to Study at Chiaotung University

Returning here in April after a seven-month stay in Nagasaki, students of Tungwen College, whose buildings on Hungjao Road were burned down on November, will resume studies in Chiao-Tung University, 1954 Avenue Haig, the *Shanghai United News* reports. Preparations for the transfer, the daily said, are already being made by President Dr. Chozo Ouchi and his staff.

Hangchow Christian College Destroyed by Fire

The Hangchow Christian College, American missionary institution, near Luhota (Six Harmony Pagoda), and the Hangchow Normal School, was destroyed in a fire of incendiary origin Jan. 18.

Students' Military Corps Organized in Kiangsu, Shantung and Anhwei

A Students' Military Corps is being organized by the military authorities in Kiangsu, Shantung and Anhwei. The Corps will comprise 5,000 youths, of whom more than 2,000 have already been recruited and are undergoing intensive training. The Corps will be despatched to the front for active service.

Down-Town School of Commerce Offers Extension Courses for Refugee Students

The Downtown School of Commerce of the University of Shanghai is offering extension courses. The classes are to be conducted in the True Light Building on Yuen Ming Yuen Road in the late afternoons or evenings.

The courses, which are particularly intended for refugee students, are as follows:—Accounting, Banking, Business Administration, Foreign Trade, Transportation, Statistics, Journalism, Sociology, History, Philosophy, Religion, etc.

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China Honored American Authority on Tea While Japanese Guns Boomed at Capital Gates*

When China's National Independence day came around on October 10 of last year, the country was in the midst of a most bloody undeclared war, but that did not prevent the National Government, at that time still stationed in Nanking, to recognize the outstanding work of distinguished foreigners by the awarding of decorations.

Among those who received these honors was William H. Ukers, editor of the *Tea and Coffee Trade Journal* of New York City, a man who has spent a lifetime in the tea industry and who has made many trips around the world in search of information and data on the cultivation, preparation, marketing and drinking of tea.

China is a great tea drinking nation, one of the greatest in the world, consequently nine-tenths of the tea produced in this country is consumed at home, but the other tenth which is exported is of considerable importance to China's foreign trade. Therefore, Mr. Ukers was decorated for his outstanding efforts in the promotion of Sino-American commerce and especially for the popularizing of one of China's staple products in the United States, a country which was born with an aversion for tea.

Illustrative of the tremendous time and study which Mr. Ukers has devoted to the tea industry is the two-volume encyclopoedia which he has published recently, entitled *All About Tea*, a book which is so complete that the answer to almost any question you might have about tea can be found within its covers. The book is complete to an amazing extent, giving lists and descriptions of every variety of tea, outlining the effects of tea on the human system with special references to the tannin and caffeine content of the tea leaf, giving the biological aspects of the plant, production methods, marketing customs, and, above all, the romance of the developing tea trade.

Much of the book will be of interest only to tea experts, but the romance of the developing tea trade interests everybody, for tea has played an important part in the commerce of the world, which is, after all, one of the major characteristics of modern civilization.

Leaving aside the arguments of the specialists concerning the origin of tea, it seems certain that this popular drink originated in China, where it was first used as a beverage, and where it plays an important part in social customs and usages. When the Dutch and English seamen penetrated the Far East looking for trade, they found that the Chinese had a drink which was exceptionally pleasant, but the Chinese merchants refused to tell the traders how it was grown or prepared for market. Tea entered into the stream of commerce immediately, but the foreigners didn't learn the secret of tea until they ran across that old Chinese classic, the Ch'a Ching, which, when translated, told in detail the methods of preparing and drinking tea as explained by that tea addict of the T'ang dynasty, Lu Yu.

The Ch'a Ching was written between 775 and 780, while Lu Yu was a hermit. Lu Yu saw in the tea service the same harmony and order which rules throughout the world of nature, and his exposition of the tea service later was developed by the Japanese into their complicated Cha No Yu, the tea ceremony.

However that may be, tea was introduced into England in the Seventeenth Century, but many years were required to popularize the beverage. Early manuscripts claimed marvelous properties for tea, while coffee houses soon adopted the beverage and started advertising the new beverage.

Despite a ban that was once placed on coffee houses in England, no country has so vigorously fought against the beverage as has the United States. Tea became an element in the fight of the American colonies for freedom. The application of taxes to tea imports in the American colonies launched the energetic colonists on a campaign which resulted in the creation of the United States. The Boston Tea Party is only one example of the treatment accorded British ships when they landed in American harbors with cargoes of China tea, upon which the colonists were forced to pay a tax. American ladies refused to drink tea and American gentlemen met the tea ships in order to prevent the landing of the cargo.

At Greenwich, a prosperous town in New Jersey, "Indians" met a British tea ship, which had thought to find refuge from the rage of the colonists by unloading at a small port, took the cargo ashore and burned it in the public square. At Charleston, South Carolina, the tea ships were prevented from unloading their cargoes by threats of violence to captain and consignees, and at the end of twenty days the tea was seized for non-payment of customs and stored in damp vaults where it quickly spoiled.

When a tea ship was due to arrive at Philadelphia in 1773, the Philadelphians agreed to meet the captain of the "Polly" with tar and feathers. Furthermore the consignees of the cargo were told to conduct themselves with circumspection. When one of the firms refused to conform to the popular will, a notice was sent to it which read as follows:

> The public present their Compliments to Messieurs James and Drinkwater. We are informed that you have this day received your commission to enslave your native Country: And, as your frivolous Plea of having received no Advice, relative to the scandalous Part you were to act in the Tea Scheme, can no longer serve your purpose, nor divert our Attention, we expect and desire you will immediately inform the Public, by a Line or two to be left at the Coffee House, whether you will, or will not, renounce all Pretentions to execute that Commission?—THAT WE MAY GOVERN OURSELVES ACCORDINGLY.

The popular feeling in Philadelphia was so great that the firm refused the consignement and the captain of the "Polly" sailed his ship back to England without unloading.

Incidents of this type appeared all over the colonies, and so the United States was born with an innate aversion to tea. However, circumstances conspired to remove some of that hatred following the War of Independence. When the war had been conducted to a successful conclusion, the colonists found that they were cut off from the prosperous trans-Atlantic routes which their merchant ships had previously followed because the British fleet was supreme on the Atlantic, at least until after 1812. Consequently American shipowners sent their vessels to China, where they found that if they were to carry on a successful trade they would have to bring back some tea, which resulted in a counter-propaganda in favor of the drink.

Furthermore, the development of American clipper ships made it possible for American merchants to participate in the tea trade from China to England, which provided some of the most thrilling pages in all the history of the commerce in tea.

The development of the fast Baltimore privateers during the War of 1812 resulted in the speedy clipper ships, on which the pointed bow replaced the snub-nosed bow and full bodied lines of the East India Merchantman. The early clipper ships were failures so far as cargo space was concerned, but later designers overcame the difficulties. First American clipper to carry tea to London was the "Oriental," which was chartered by Russel and Co. to carry tea at £6 per ton, while British ships were begging for London cargo at a little more than half that rate. The venture was more than successful and British started improving their ships at about the same time that American shipowners turned their attention from the Pacific run and concentrated on their own Pacific coast trade, which had been given a tremendous boost by the gold rush.

Nevertheless, British shipowners maintained the competition that had been started by Americans entering the British trade routes following the repeal of the British Navigation Laws. The clipper ships reached their zenith during the times of the tea races from China to England, during which the ship with the first cargo of tea landed in London sold its tea at a premium and frequently reaped a huge bonus. The tea race was a yearly affair, with the extreme clippers, mostly less than 1000 tons, making the run from China to London in about a hundred days. Although ships have made the run in less time, the Great Tea Race of 1866, which was won by a trip of 99 days, is the most famous of all races, won by the "Ariel," which was closely followed by the "Taeping," "Serica," "Fiery Cross" and "Taitsing."

With the opening of the Suez Canal in 1869, the windjammers gave way to the steamers, which were then able to compete successfully because of the reduced consumption of coal which the shorter trip made possible.

The passing of the "ships of wood and men of iron" resulted in the shifting of the romance of the tea industry to the pioneering and business aspects of the trade. Under the direction of Europeans the large tea plantations of Ceylon, Java and India were developed, producing the teas which now dominate the market.

China still produces large quantities of tea, most of which is consumed by the Chinese, but the percentage in world trade has been reduced considerably. Present hostilities have not seriously affected the trade so far, because about 80 per cent of the usual export of tea had been completed last year before the hostilities began. Some of the tea up at Hankow, which is an important city in the exportation of China tea, was caught in the whirlwind of hostilities and brought to Shanghai for export only at heavy transportation costs. The invasion of China has also been of comparatively small consequence to the Chinese tea plantations, although Hangchow is an important tea producing area. Generally speaking, however, the Japanese invasion has been more far reaching in North China, which is not so important in tea production as are the districts in the Yangtze Valley and South China.

However, to return to the book of Mr. Ukers, *All About Tea*, there can be no doubt that the work is a modern *Ch'a Ching*, well worth the study of anyone, expert or layman, for within its 1152 pages are the fundamentals and the romance of the development of the tea industry and tea drinking over the ages.

F. W. G.

**All About Tea, by Wm. H. Ukers, M.A. 2-vols, 550 pages each, Published by* Tea and Coffee Trade Journal. *New York. Also author of All About Coffee, Little Journeys to Japan, Formosa, Ceylon, British India, Java, Sumatra, China and Brazil.*

Tactics and Maneuvering Strategy in the War Against Japan

(*Special Correspondence*)

With the loss of the major cities, Chinese strategy in the present war appears to be about to enter a new phase in the interior, in which the previous positional warfare will be changed in favor of mobile maneuvering. Recent reports from Chinese military headquarters in Hankow state that this change is being contemplated, and other reports indicate that Mao Tse-tung, Chu Teh and P'eng Teh-huai, commanders of the Eighth Route Army and past-masters in the art of guerilla-maneuvering tactics, have been invited to participate in the Military Council in order to give advice along this line. The success of the Eighth Route Army against the Japanese advance into Shansi indicates that this type of warfare might serve against the Japanese very nearly as well as in the Reds' nine years of resistance against Central Government forces.

In this connection the following interview with P'eng Teh-huai, recently obtained by a foreign journalist at his headquarters, is of interest, explaining as it does the strategy of the ex-Red Army. While Mao Tse-tung is Chairman of the Eighth Route Army's Military Council and Chu Teh is Commander-in-Chief, it is P'eng Teh-huai who is the active field commander in charge of operations in Shansi.

P'eng Teh-huai, now only thirty-five, was a Kuomintang commander until July, 1928, when he revolted, seized Pingchiang in Hunan and joined forces with the Red Army. In 1930 he captured Changsha, capital of Hunan, for the Reds. P'eng is one of the most interesting of all the Red personalities, according to this interviewer. "He is a 'strong-man', efficient, military type, as quick and decisive in speech and action as a machinegun. From Hunan, famous as the home of the toughest warriors in China, P'eng is the exact antithesis of the classic opera bouffe figure of the lazy Chinese "General" lolling with his concubines in the rear, while his troops declare umbrella-truces at the front. P'eng is extremely Puritanical, and as Spartan in his personal habits as the heroes of ancient Greece. His intensely black eyes literally flash fire, and he is the nearest approach to what the terrified foreign missionaries call a "ferocious Bolshevik' that I saw among the Red commanders. Beneath his hard Achilles-exterior, however, he has a warm heart, and is the special idol of all the little '*shao kueis*,' or boy-soldiers, of the army. While Mao Tse-tung is regarded as the mysterious 'genius' directing behind the lines, and fatherly old Chu Teh has become almost a legend, it is P'eng Teh-huai who seems nearest the life of the army itself, for he is always in action at the front as field commander. When I asked him about the strategy of the anti-Japanese war, he replied:

"The question of strategy in the war against Japan—of how to overcome our own difficulties in order to win this war—is now a major problem to be solved. Although this is a military question, if it is not solved the people may lose confidence in resistance. Of course, the political question is the most important, but strategy is closely related to this question. In my personal opinion, I think that from the point of view of strategy the war against Japan must be prolonged, but individual battles should be short and decisive engagements, begun and finished quickly.

War Is Defensive from Two Points of View

"Our war is defensive from two points of view: (1) economic, because of the fact that our war industry is insufficient, and (2) militarily, in that it is actually resistance in self-defense, so it can only be a prolonged war. Such a prolonged defensive has its special favorable conditions. Because Japanese imperialism is fighting with us on our own territory, this fact itself arouses the people to self-defense and the masses themselves become the enemy of the Japanese army. The Japanese army, in penetrating into China, leaves its native country, is surrounded by enemies, and therefore loses its morale. The question of supply and transportation becomes difficult for them, and they must move forward blindly, for they have no eyes nor ears in a foreign country hostile to them. Likewise the homesickness of the soldiers influences their morale.

"On the other hand, we Chinese are the object of their offensive so this condition is just reversed as the war proceeds. We will not become demoralized as they do, but our morale will be raised in equal proportion to their demoralization. As Chinese armies fight Japan in their own territory, they will be supported by the Chinese people.

"Some opportunists have the point of view that importations and airplanes are the main strategy, and that once defeated it is for always. This is not true. The loss of these importations will only serve to rouse the people to self-defense more and more. These opportunists lose sight of the important element that as the war proceeds, the Japanese army in China loses all its advantages and its difficulties increase just as on the contrary the situation becomes more favorable for China. The influence of such ideology is only useful to traitors, and tends to

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make for insufficient preparation, because we must prepare for a prolonged war.

The fundamental idea in our strategy must be a war of maneuver and of annihilation. That is, we must decisively destroy small units of the enemy. We must chop every advance into pieces as it thrusts forward. The famous example of annihilating tactics is in the World War when Hindenburg destroyed 90,000 on the Russian front. This is also exemplified in the Red Army's annihilation of advances into Soviet territory. In general, we must avoid formal positional warfare wherever possible—to maneuver instead, although there may be some exceptions to this. Of course, there must be positional defense of large cities, but the position in the defense plans should be by *points* and not by a *line*—that is, we must hold our stationary points but not the line between them, which we defend by maneuvering in that area, and annihilating parties of attack. We of the Red Army are against the linear plan of defense. Defense by points instead of by a line makes it possible to use a small force to attract a big force of the enemy, thus a minority can force the enemy to deploy big forces around it, thereby making it impossible to use their forces elsewhere, thus the enemy cannot utilize its men efficiently.

For individual battles we have the principle of the short decisive attack. We attack one point and demolish it in a short period. The advantage is that the enemy cannot use new equipment advantageously. Airplanes are little use, poison gas no use, and tanks of little value. By the time the planes arrive the battle is over—they can only bomb the dead. We attack as quickly as thunder—and leave as quickly. Therefore the enemy has absolutely no preparation at all.

With the enemy in our own country, we have the advantage that the people support us, so we can know their every move and they have no information whatsoever. The terrain is always fully known to us. Under this condition we can always concentrate our best force to attack the enemy to advantage. We are always at our best and they at their worst. Through victories in this annihilating warfare, the enemy supplies us with ammunition, supplies, etc. and several such small victories cause great fear among the enemy troops. They then send large reinforcements, and we surround and blockade them and break all concentrations. When dispersed, we attack; when concentrated, we break them up. Such a blockade is not tactical but strategic. With an armed mass and partisan movement all around the enemy, we can cut their communications while the main force of our army can rest secretly. When the enemy comes out we attack and annihilate; when they go back (that is, concentrate again), we block up all communications and blockade them. A repetition of this soon tires them out. With no news, sickness, no medicine, etc,, their morale is quickly affected. In the meantime the partisans nab all small units that venture out. When another enemy force wants to render help to these, we move out swiftly to attack the helping army. Our forces, being rested, have the advantage over these blind reinforcements. Then the enemy does not know what to do. Help is impossible, but if no help arrives, it is likewise impossible to stay in position. This was our common experience in fighting Chiang Kai-shek's forces. If the enemy stays at one point and remains stationary, we can continually disturb and harass them with small numbers, so they get no rest at all.

Mobilizing the Mass of People

"From this one can see that it is most important to mobilize the mass of the people to surround the enemy. In order to organize and mobilize the masses some democratic freedom must be given to them, therefore Democracy is the most important pre-requisite to our victory over Japan strategically. If the mass is really mobilized in self-defense, they will act themselves spontaneously, and volunteer to give information of the enemy movement as well as to act as guides and guards. As the people of district know their familiar terrain, their help is of great advantages to us.

"Chiang Kai-shek once gave a good description of our Red Army strategy which might well be quoted here. He said: 'When the Reds move in their own Soviet districts, they are like fish in the sea; we can't find them. When they move outside, they are as elusive as a bird in the forest.' The Kuomintang armies found it impossible to do anything in the Soviet areas while they remained Soviet. It was a no man's land for them. The Japanese position is much more difficult than that of Chiang Kai-shek.

"We must emphasize one point: the power of the mass is still not recognized by Nanking, but we have experienced it and know its value. In the Fifth Campaign in the south, Chiang Kai-shek had one million troops in operation and the Red Army had only one hundred thousand, aside from the Soviet population of three millions. But we mobilized all these three millions against the one million and saved ourselves from being destroyed.

"Chiang Kai-shek was obliged to adopt a policy, which he called, "Draining all the water out, so as to catch the fish." But he didn't catch us. When we left the Soviet districts to march to the Northwest, we became a "bird in the forest" to him just the same.

"We can utilize all our ten years' experience together to fight the Japanese, and victory is sure. Now we Chinese have a "sea" of four hundred millions, and a "fish" of three million soldiers in it. The enemy can only send from two to five hundred thousand troops against us. Of course, we can win.

"Our defensive plan in China is very different from that of the Soviet Union because our frontiers are gone. Therefore, we can only depend upon the mass of the people. Also because of communications our boundary is passive, not active.

"Another strategical weapon is propaganda. Japan cannot fight China except by utilizing the Chinese against the Chinese, and she knows she is doomed to defeat unless this plan succeeds soon. The power of the people of a nation is beyond measure. Only Lenin and Stalin have understood how great this power is. For instance, we Communists in China also had this experience with the tiny nation of the *Min Tzu* tribe on our Long March. Though there were only thirty thousand of these people, each individual was determined to save himself and his tribe. We had no method of defeating them, and had great difficulty even in passing as quickly as possible through their territory."

Shanghai, January 15, 1938.

Japanese Business in China Shows Huge Drop

Japan has been losing millions of dollars of trade in China since the beginning of the Sino-Japanese hostilities, official trade statistics published in Hongkong Jan. 22 revealed. It was also disclosed that during the first six months in 1937, Japan had been the Colony's best customer, while during the last three months, she was the worst. Monthly exports to Hongkong, previously averaging Hongkong $2,000,000 per month, now averaged barely $500,000.

Despite enormous losses in trade, Japan still broke all records in 1937 with a total of more than $58,000,000, which was a slight improvement over the figures for 1936, a bumper year. During the first six months in 1937, Hongkong bought $40,000,000 from Japan, while total purchases for the second six months amounted to only $19,000,000. Japan's present trade with Hongkong is reported to be the lowest since the boycott of 1932.

Tang Shao-yi to Become Premier in "North China" Government?

The Tokyo *Hochi* Jan. 25 stated that the leading candidate for the office of Premier in the new government of north China is Tang Shao-yi, China's first Republic Premier.

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Up to January 22nd, the Shanghai International Red Cross has among other things spent $417,527.34 for caring of refugees, $109,392.38 for wounded soldiers, $59,063.69 for medical supplies, and $19,379.40 for civilian hospitals. Though these are large sums, they have not been sufficient to meet the needs of the multitudes of war sufferers in the city.

Beginning from January, the Shanghai International Red Cross has undertaken the responsibility of supporting some 150,000 more refugees. For this additional relief burden, no less than $450,000 are required per month.

In view of this desperate situation, the Shanghai International Red Cross feels that unless increasingly large donations can be obtained from friends in outports and abroad, its work cannot go on unhampered. Will you extend a helping hand in this humanitarian work? If so, please sign the blank below and send your donation today.

.....

To the Shanghai International Red Cross,
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